

**LATE TESTIMONY**

TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS  
ON  
HOUSE BILL NO. 1651

February 8, 2011

RELATING TO SHIPBOARD GAMING

House Bill No. 1651 authorizes shipboard gaming operations and establishes the Hawaii Gaming board within the Department of Business, Economic Development and Tourism to administer, regulate, and enforce shipboard gaming. House Bill No. 1651 also establishes the State Gaming Fund into which all fees, taxes, and fines collected from shipboard gaming up to an unspecified amount shall be deposited.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 1651, it is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.



## LATE TESTIMONY

NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LIEUTENANT GOVERNOR

STATE OF HAWAII  
OFFICE OF THE LIEUTENANT GOVERNOR  
OFFICE OF INFORMATION PRACTICES

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CATHY L. TAKASE  
ACTING DIRECTOR

To: House Committee on Economic Revitalization & Business

From: Cathy L. Takase, Acting Director

Hearing: Tuesday, February 8, 2011, 8:00 a.m.  
State Capitol, Room 312

Re: Testimony on H.B. No. 1651  
Relating to Shipboard Gaming

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The Office of Information Practices (OIP) takes no position on the purpose of this bill, which is to authorize shipboard gaming in state waters. OIP does have concerns with this bill's provisions concerning disclosure of records and recommends amendments to the bill to address these concerns.

First, on page 18-19 of the bill, a proposed new subsection (c) provides that the gaming board shall not disclose information "barred" by: (1) chapter 92F or (2) "[t]he statutes, rules, regulations, or intergovernmental agreements of any jurisdiction." OIP recommends that this new subsection (c) be deleted for the following reasons.

This new subsection (c) incorrectly presumes that chapter 92F, which is the Uniform Information Practices Act (Modified) (UIPA), sets forth provisions "barring" disclosure of information. The UIPA does **not** contain disclosure restrictions, but rather requires public disclosure of government records and provides exceptions to this requirement, including the exception in section 92F-13(4) for records protected by other laws. Also, the proposed new subsection (c) provides that the board must comply with rules, regulations and intergovernmental agreements barring disclosure of information. This proposed requirement would inappropriately elevate the legal authority of rules, regulations and contracts as having the same force and effect as laws with respect to disclosure of government records.

Second, on page 37 of the bill, lines 9 -12, a proposed new subsection (c) provides that the books and records kept by a licensed gaming operations owner are "government records" and that they are

subject to chapter 92F. This requirement conflicts with the UIPA's definition of "government record" which is limited to "information maintained by an agency . . ." HRS § 92F-3 (emphasis added). OIP recommends that this proposed subsection (c) on page 37 of the bill be replaced with a requirement that the licensed owner shall provide the gaming board access to its records. By instead requiring the board to have access to an owner's records, the board will be deemed as "maintaining" the records and, therefore, the records will be "government records" which the board shall have the duty under the UIPA to disclose, upon request, unless an exception applies.

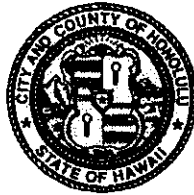
Thank you for the opportunity to provide testimony on this bill.

POLICE DEPARTMENT  
CITY AND COUNTY OF HONOLULU

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**LATE TESTIMONY**

PETER B. CARLISLE  
MAYOR



LOUIS M. KEALOHA  
CHIEF

DELBERT T. TATSUYAMA  
RANDAL K. MACADANGDANG  
DEPUTY CHIEFS

OUR REFERENCE SD-TA

February 8, 2011

The Honorable Angus L.K. McKelvey, Chair  
and Members  
Committee on Economic Revitalization  
and Business  
House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair McKelvey and Members:

Subject: House Bill No. 1651, Relating to Shipboard Gaming

I am Susan Dowsett, Major of the Narcotics/Vice Division of the Honolulu Police Department.

The Honolulu Police Department opposes House Bill No. 1651, Relating to Shipboard Gaming.

The Honolulu Police Department recognizes the need for Hawaii to remain competitive with other resort destinations. However, even in these lean economic times, we believe that legalizing any form of gambling would have harmful long-term effects.

Gambling exploits those who can least afford it and undermines community values. The socioeconomic costs include job loss, more people filing for unemployment benefits, and increased embezzlements, suicides, work absences, homelessness, divorce, and bankruptcy.

In keeping with our vision of making Honolulu the safest city in the nation in which to live, work, and play, we are strongly opposed to all forms of gambling.

The Honolulu Police Department urges you to oppose House Bill No. 1651.

Thank you for the opportunity to testify.

APPROVED:

Sincerely,

*DC RL Meyer*  
\_\_\_\_\_  
LOUIS M. KEALOHA  
Chief of Police

*[Signature]*  
SUSAN DOWSETT, Major  
Narcotics/Vice Division

FOR

# Radcliffe & Associates, LLC

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## **LATE TESTIMONY**

February 7, 2011

Representative Angus L.K. McKelvey, Chair  
Representative Isaac W. Choy, Vice Chair  
Committee on Economic Revitalization & Business  
Hawaii State Capitol, Room 312

**RE: HB1651 Relating to Shipboard Gaming**

Dear Chairman McKelvey, Vice Chairman Choy and Members of the Committee:

HB1651, if passed would be a tremendous shot in the arm to our cruise ship industry. All large cruise ships are built with casinos. Those plying Hawaiian waters have to actually remove their existing facilities. This bill would allow ships to ply the waters of Hawaii so that our residents and tourist could enjoy themselves by gambling legally.

The bill also calls for a referendum by the citizens of each County. If the voters of any County chose, by popular vote, not to participate, then that would be their right.

Thank you for the opportunity to submit written testimony.

Respectfully Submitted,

John H. Radcliffe  
President, Radcliffe & Associates, LLC

Don and Helen Hemmes  
333 Kalili Street  
Hilo, HI 96720-4061  
[hemmesh@hawaiiantel.net](mailto:hemmesh@hawaiiantel.net)

**LATE TESTIMONY**

Testimony  
To the Committee on Economic Revitalization and Business  
E-mail: [Testimony@Capitol.hawaii.gov](mailto:Testimony@Capitol.hawaii.gov)

**RE: HB1651**

Chair McKelvey, Vice Chair Choy, and Members of the Committee:

We, long-time residents and voters, oppose authorizing shipboard "gaming" on vessels in state waters. This action would be a first step to permitting gambling in the state of Hawaii, and we are opposed to all gambling due to the negative social consequences for the citizenry of our state.

Thank you for the opportunity to testify.

Sincerely,

Don and Helen Hemmes

Chair McKelvey and Respected Members of the Committee;

My name is Reg White. For the past 36 years I have been active in the Hawaii optional tour market, concentrating on maritime activities appealing to visitors and locals alike.

I'm sure you get a warm fuzzy feeling about proposing shipboard gambling because this way it's not in your back yard. Well.... Have you thought of the people in our optional tour industry that you will be putting out on the street? Let's face it, our present tour vessel industry will be history if gambling ships will take people out for heapo cheapo fares, depending on the gambling income to make up for it.

You must all be aware that gambling will not create money. That is to say, our visitors arrive with a finite amount of money that they have set aside for discretionary spending. They can spend it on gambling, or they can spend it into our optional tour market which employs thousands of people, supports hundreds of small businesses and contributes to our tax revenue income via the triple ripple effect through direct taxation and payrolls and then on through the subsequent spending into our associated industries that support life here in our islands. This industry also charms the sox off of the average visitor and leaves them truly anxious to come back to Hawaii again as soon as possible. Gambling can be had nearer to home for way less money for all of these visitors, so why return to Hawaii again if that's where our money goes! Note the present percentage of repeat visitors arriving at our gates (79% of visitors from the west states, 53% from the east states and 55% from Japan).

If we authorize shipboard gambling to take this discretionary money away we will keep these visitors from participating in our optional tour market. We will simply move the money from our optional tour market to the gaming business while a lot of very fine local people lose their jobs. If, instead, we authorize a state lottery, they can purchase their scratch cards and lottery tickets at the 7-11 or ABC while waiting for the bus to go out on a tour to snorkel, see our culture, or take a cruise of one sort or another. Our local enthusiasts can get in on this as well without taking time away from their daily duties, jobs and families, to participate. The same cannot be said of gambling ships standing offshore somewhere and sucking the well dry.

I went onto the KAYAK Travel web site and brought up the top 17 hotel choices for Honolulu and then Las Vegas. I then compared the average of the top six flights from Chicago to Las Vegas and then from Chicago to Honolulu. The results are: Hotel in Vegas is \$101.00 per night. In Honolulu it's only \$198.00 right now due to our economic downturn, but still a premium of \$97.00 per day. The air fare from Chicago is \$376.00 to Vegas and \$765.00 to Honolulu for a premium of \$389.00 per person. So if you stay five nights the difference on average for the hotel and the airfare to visit Honolulu for a couple is \$253.00 per day. This hotel premium about makes up the difference in airfare costs to our eastbound visitors, so cost wise it about a push for them whether they want to gamble here or

in Vegas. Do you have any idea of how many billions of dollars we would have to invest in order to make Honolulu seem \$253.00 per day more attractive to a gambler in order to attract the mainland gambling crowd to come here to gamble instead of going to Vegas? I don't think this is a wise investment. We have a winner here and now with Hawaii, it's natural beauty, it's culture and the obvious spirit of aloha. Let's not do something greedy that will spoil this winning combination. Consider the lottery if you must, but please forget the rest, and whatever you do, please do not destroy our long term well established maritime cruise industry making snorkel tours, whale and dolphin watch trips, and dinner and cultural cruises in the optional tour market!

Reg White  
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