

JAN 24 2013

A BILL FOR AN ACT

RELATING TO A PILOT PARIMUTUEL WAGERING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Horse racing in Hawaii dates back to the late
2 nineteenth century when it enjoyed the hearty patronage of King
3 Kamehameha V. When the anniversary of Kamehameha the Great's
4 birth was first made a legal holiday, on June 11, 1872, horse
5 races at Kapiolani Park helped celebrate the occasion. That
6 same year, King David Kalakaua founded the Hawaiian Jockey Club
7 to regulate the early races and organize the sport according to
8 the rules of horse racing. Prominent original members of the
9 club included King Kalakaua, Royal Governor of Oahu John
10 Dominis, Samuel Parker, Colonel William H. Cornwell, Jr., and
11 Royal Governor of Oahu Archibald Scott Cleghorn.

12 On Oahu, horse racing officially began in 1939 with the
13 incorporation of the Oahu Jockey Club and construction of the
14 Kailua racetrack. According to newspaper accounts, modern horse
15 racing on Oahu flourished until the mid-1950s with races held on
16 a regular mile course on every recurring holiday. Attempts to
17 conduct horse racing at Kapiolani park failed in 1949, and a
18 bill to permit horse racing on Maui failed to pass the house of



1 representatives in 1959. During this time, Hawaii's economy
2 depended heavily on agriculture, specifically, sugar cane and
3 pineapple. However, since that time, tourism has become the
4 State's primary industry.

5 The legislature finds that the time has come for the State
6 to diversify its economy away from tourism and focus on
7 alternatives, such as developing green, high-return, high-
8 technology, and agricultural industries. The time has also come
9 to make the hard choice to support a form of gaming in the
10 State. Horse racing has a long and honorable history locally,
11 nationally, and internationally. Parimutuel wagering is a
12 popular and widespread form of legalized gambling in the United
13 States and is approved in over forty states. Parimutuel horse
14 racing and facilities are operated by private groups under
15 strict federal and state government regulation and law
16 enforcement. The industry is also regulated by the Thoroughbred
17 Racing Association, the Thoroughbred Racing Protective Bureau,
18 the United States Trotting Association, and the Association of
19 Racing Commissioners International.

20 From an economic standpoint, a fully operating racetrack
21 could employ more than six thousand employees in well-paying
22 jobs. In areas where racetracks have been built, the horse



1 racing industry has spawned the development of many small
2 businesses. It has been estimated that one hundred thousand new
3 jobs have been created in cities with racetracks.

4 Racetrack activities include betting, which is classified
5 as parimutuel, as opposed to casino gambling. With parimutuel
6 betting, approximately eighty per cent is paid out to the
7 players (which is the reason for the established odds) while ten
8 per cent is paid to the State in taxes and the remaining ten per
9 cent is applied to track expenses. Casino gambling, on the
10 other hand, pays eighty per cent to the house with ten per cent
11 paid to the players.

12 Development of a parimutuel horse racing industry in Hawaii
13 would encourage agriculture and horse breeding as well as
14 generate employment and economic development opportunities in
15 the veterinary and farming services. A horse racing facility
16 could even be included in the planning and development of an
17 international sports complex in Hawaii.

18 The development of a horse racing industry would serve to
19 bolster the State's tourism industry by providing increased
20 sources of revenue from newly generated business, hotel,
21 restaurant, and airline activities. The State is currently
22 losing revenues as many residents travel to other states to



1 observe and wager on horse racing and participate in casino
2 gambling activities.

3 State regulation and control over horse racing will serve
4 to prevent and deter unlawful bookmaking and gambling
5 activities. Furthermore, a commission would oversee the daily
6 duties of establishing and enforcing the horse racing and
7 parimutuel wagering rules and regulations.

8 SECTION 2. The Hawaii Revised Statutes is amended by
9 adding a new chapter to be appropriately designated and to read
10 as follows:

11 "CHAPTER

12 FIVE-YEAR PILOT PROGRAM FOR PARIMUTUEL WAGERING

13 AND HORSE RACING

14 § -1 **Definitions.** As used in this chapter, unless the
15 context otherwise requires:

16 "Association" means any person engaged in the conduct of a
17 recognized horse racing meeting.

18 "Board" means the Hawaii horse racing board.

19 "Breakage" means the odd cents by which the amount payable
20 on each dollar wagered exceeds a multiple of 10 cents.



1 "Licensee" means a person, individual, corporation,
2 partnership, association, or other body holding a valid license
3 issued under this chapter.

4 "Parimutuel horse racing facility" means any facility where
5 horse races are viewed live or by way of telecast, and
6 parimutuel wagers are made on the outcomes of those horse races.

7 "Parimutuel wagering" means any system whereby wagers with
8 respect to the outcome of a horse race are placed with, or in, a
9 wagering pool conducted by a person licensed or otherwise
10 permitted to do so under the law of this State, and in which the
11 participants are wagering with each other and not against the
12 operator, such that all sums wagered on competitors in a horse
13 race are pooled and holders of winning tickets share the total
14 amount bet, minus a percentage for the licensee and the State as
15 set forth in this chapter.

16 "Race" means any horse race conducted live in this State or
17 telecast from a state other than Hawaii, or a foreign country
18 where parimutuel horse racing is legal.

19 § -2 **Hawaii horse racing board; establishment.** (a)

20 There is established the Hawaii horse racing board, which shall
21 be placed within the department of commerce and consumer affairs
22 for administrative purposes.



1 (b) The board shall consist of three members, who shall
2 not be public officers or employees. The members shall be from
3 the general public and selected on the basis of their knowledge,
4 interest, and proven expertise in relevant fields, which shall
5 include but are not limited to the following: both equitation
6 and operations of the horse racing industry, accounting,
7 agriculture, commerce and trade, computer science, corporate
8 management, economics, finance, law, law enforcement, marketing,
9 and the parimutuel industry.

10 (c) Members shall serve for five years. One member shall
11 be appointed by the governor. The second member shall be
12 appointed by the governor from a list of nominees submitted by
13 the president of the senate. The third member shall be
14 appointed by the governor from a list of nominees submitted by
15 the speaker of the house of representatives.

16 (d) Whenever a member appointed from a list of nominees
17 submitted by the president of the senate or the speaker of the
18 house of representatives vacates the member's seat on the board
19 prior to the expiration of the member's term, the governor shall
20 fill the vacancy for the unexpired term by appointment from a
21 list of two nominees submitted by the nominating authority in
22 subsection (c) that nominated the member who vacated the seat.



1 (e) An appointment required to be made from a list of
2 nominees submitted by the president of the senate or the speaker
3 of the house of representatives shall be made by the governor
4 within ten days of receipt of the list of nominees. The
5 governor shall appoint the members of the board prior to July 1,
6 2013.

7 (f) Each term of a member of the board shall commence on
8 July 1, 2013, and expire on June 30, 2018.

9 (g) The governor may remove or suspend for cause any
10 member of the board after due notice and public hearing.

11 (h) Members shall serve part time and shall be compensated
12 \$75 for each day in the performance of official duties; provided
13 that the compensation of a member shall not exceed \$5,000 in any
14 one year. Members shall also be reimbursed for expenses,
15 including travel expenses, incurred in the performance of
16 official duties.

17 (i) Officers of the board, including the chairperson,
18 shall be selected by the members.

19 § -3 Powers and duties of the board. (a) The board
20 shall exercise all powers assigned to it under this chapter
21 necessary to effectuate the purposes of this chapter.

22 (b) The board shall also have the power to:



- 1 (1) Maintain an office;
- 2 (2) Keep detailed records of all meetings and of all
3 business transacted, including collections and
4 disbursements;
- 5 (3) Adopt rules pursuant to chapter 91 that establish the
6 selection process for the licensee to conduct
7 parimutuel wagering at parimutuel horse racing
8 facilities in the State;
- 9 (4) Approve the licensee to conduct the parimutuel
10 wagering at parimutuel horse racing facilities in the
11 State; and
- 12 (5) Employ staff and other employees as necessary for the
13 performance of the board's duties, including an
14 executive secretary, auditors, inspectors, and
15 security personnel to ensure the integrity of
16 parimutuel horse racing as conducted by the licensee
17 in the State. The duties and compensation of the
18 employees of the board shall be determined by the
19 board, and their compensation shall be paid from the
20 administrative fund of the board established pursuant
21 to section -7. The board may combine in a single
22 person the duties of one or more employees or



1 officials, as efficiency and economy require. The
2 employees appointed by the board under this paragraph
3 shall not be subject to chapter 76, but shall be
4 members of the employees' retirement system of the
5 State and shall be eligible to receive the benefits of
6 any state or federal employee benefit program
7 generally applicable to officers and employees of the
8 State. Employees may be dismissed by the board at its
9 pleasure.

10 (c) The board shall submit an annual report during the
11 five-year pilot program to the governor and the legislature,
12 which shall include a complete accounting of all income and
13 disbursements.

14 § -4 **Oath by board members.** Before entering upon the
15 discharge of the duties of the office, each member of the board
16 shall take an oath that the member will faithfully execute the
17 duties of the member's office according to the laws of the
18 State.

19 § -5 **Bond required.** Prior to the commencement of the
20 term of office, each member of the board shall procure a surety
21 bond. The bond shall be approved by the governor and the
22 attorney general, payable to the State in the sum of \$100,000,



1 and conditioned upon the faithful performance of the member's
2 duties and the correct accounting and payment of all sums within
3 the member's control under this chapter. Each bond, upon
4 execution and approval, shall be filed with the attorney
5 general. When, in the governor's opinion, the bond of any
6 member of the board has become or is likely to become invalid or
7 insufficient, the governor shall require that member to renew
8 the bond. The governor shall approve the renewed bond in the
9 sum prescribed in this section. The cost of any bond given by
10 any member of the board under this section shall be part of the
11 necessary expenses of the board.

12 § -6 **Meetings; quorum requirements.** (a) The powers of
13 the board are vested in the members thereof. All actions taken
14 and motions and resolutions adopted by the board at any meeting
15 of the board shall require an affirmative vote of at least two
16 members.

17 (b) Two members of the board shall constitute a quorum, or
18 in the instance of a vacancy, a majority of the members
19 remaining qualified.

20 § -7 **Administrative fund; parimutuel education fund;**
21 **established.** (a) There is created the administrative fund,
22 which shall be administered by the board. Revenues received



1 pursuant to section -11(c) shall be deposited in the
2 administrative fund. Expenditures from the administrative fund
3 shall be used for all necessary expenses and payments permitted
4 or required by this chapter.

5 (b) There is created the parimutuel education fund, which
6 shall be administered by the board. Revenues received pursuant
7 to section -11(c) shall be deposited in the parimutuel
8 education fund. Expenditures from the parimutuel education fund
9 shall be used exclusively to fund education in the State.

10 § -8 Prohibitions. (a) No member, employee, or
11 appointee of the board shall:

12 (1) Directly or indirectly, individually or as a member of
13 a partnership, or as a shareholder of a corporation,
14 have any interest in the licensee or any subcontractor
15 to the licensee that conducts, or seeks to conduct,
16 parimutuel wagering in the State; or

17 (2) Directly or indirectly, wager at any parimutuel
18 wagering facility authorized under this chapter.

19 (b) In addition to the proscriptions in subsection (a), no
20 board member shall:

21 (1) Accept any form of employment by a business
22 organization regulated under this chapter for a period



1 of two years following the termination of the member's
2 service on the board;

3 (2) Engage in any oral ex parte communications with any
4 representative, agent, officer, or employee of any
5 business organization regulated under this chapter
6 concerning any matter pending before the board; or

7 (3) Participate actively in the management or conducting
8 of any political campaign, which includes:

9 (A) Holding office in a political party, political
10 organization, or political club;

11 (B) Campaigning for a candidate in a partisan
12 election by making speeches or writing on behalf
13 of a candidate;

14 (C) Soliciting votes in support of or in opposition
15 to a candidate; and

16 (D) Making contributions of time and effort to any
17 political party, political organization,
18 political club, or candidate.

19 § -9 **Subpoena powers.** (a) In administering this
20 chapter, any member of the board, or an agent authorized by the
21 board, may subpoena witnesses, examine witnesses under oath, and
22 require the production of books, papers, documents, electronic



1 and computer records, or any other objects or things that the
2 member or agent deems relevant or material to the inquiry. Upon
3 application by the member or agent, enforcement of the subpoena
4 may be sought in the circuit court of the circuit in which the
5 person subpoenaed resides or is found in the same manner as a
6 subpoena issued by the clerk of a circuit court.

7 (b) The board, upon the request of any person interested
8 in a matter before the board, shall issue subpoenas for the
9 attendance of witnesses or the production of books, records,
10 documents, or things on behalf of the person.

11 (c) The board's subpoenas may be served by any person
12 appointed by the board. The subpoenas shall be served, and
13 witness fees and mileage shall be paid, pursuant to sections
14 607-8 and 607-12.

15 § -10 **Bonding of employees.** The board may require any
16 of its employees to be bonded in an amount that it determines.
17 Upon execution and approval, every bond shall be filed with the
18 attorney general. The cost of the bond shall be part of the
19 necessary expenses of the board.

20 § -11 **Parimutuel wagering; one parimutuel horse racing**
21 **facility; wagering facilities; fees.** (a) There shall be not



1 more than one parimutuel horse racing facility in the State to
2 be operated by the licensee selected pursuant to section -16.

3 (b) The State's share of moneys received at the parimutuel
4 horse racing facility shall be deposited as provided in
5 subsection (c). The chairperson, with the approval of the
6 board, shall supervise all receipts, disbursements, and
7 accounting of the administrative fund, including the portion
8 that shall be transmitted to the state general fund as provided
9 in subsection (c).

10 (c) From the total moneys wagered at the parimutuel horse
11 racing facility, the board shall collect from the licensee and
12 distribute appropriately the following:

- 13 (1) One-half of one per cent, which shall be deposited
14 into the administrative fund;
- 15 (2) Four per cent, which shall be deposited into the state
16 general fund; and
- 17 (3) Four per cent, which shall be deposited into the
18 parimutuel education fund.

19 (d) The licensee may deduct not more than ten per cent
20 from all moneys wagered at the parimutuel horse racing facility
21 as the licensee's share. The remainder of moneys wagered shall
22 be distributed according to formulas established by the board to



1 holders of winning parimutuel tickets. A licensee shall compute
2 the breakage in the parimutuel horse racing system at the
3 nearest 10 cents to be distributed as follows:

4 (1) Fifty per cent shall be retained by the licensee; and

5 (2) Fifty per cent shall be transmitted to the board for
6 deposit into the state general fund,

7 subject to the rules adopted by the board.

8 (e) The board may adopt higher takeout formulas for bets
9 commonly known as "exotics".

10 (f) The licensee who conducts parimutuel horse racing
11 shall maintain for each race an unclaimed winnings account which
12 shall show the total amount due on outstanding winning
13 parimutuel horse racing tickets not presented for payment. A
14 statement of the balance of the unclaimed winning account shall
15 be furnished to the board within twenty-four hours after any
16 change in the account balance.

17 (g) Any person claiming to be entitled to any winnings of
18 a parimutuel wager who fails to claim the money due at the
19 completion of the race for which the parimutuel horse racing
20 ticket was purchased, may file a claim with the licensee within
21 ninety calendar days after the day of the race, in a form as the
22 board prescribes, accompanied by the valid winning ticket. If



1 the claimant establishes a right to the winnings of the
2 parimutuel wager, the licensee shall pay the winnings to the
3 claimant. At the expiration of the ninety-day period, the
4 holder of a winning ticket shall possess no right to any portion
5 of the winnings. Any unclaimed winnings remaining after the
6 expiration of the ninety-day period shall be transmitted to the
7 board for deposit into the state general fund.

8 (h) The licensee shall not make any payment to anyone
9 claiming the winnings of a parimutuel wager, except upon the
10 presentation of a valid, clearly identifiable winning ticket.

11 (i) The licensee shall operate one pool for all parimutuel
12 wagering facilities statewide.

13 (j) Notwithstanding sections -12, -13, and -14, no
14 parimutuel wagering shall be allowed in the State until a horse
15 racing facility has actually been constructed and has become
16 operational in the State.

17 § -12 **Interstate wagering; common pools.** (a) Subject
18 to section -11(j) and applicable federal laws, including but
19 not limited to the Interstate Horseracing Act of 1978 (15 U.S.C.
20 §3001, et seq.), as amended, the board may permit the licensee
21 to participate in interstate common pools, including common
22 pools which may include international jurisdictions. All



1 provisions of law governing parimutuel betting under this
2 chapter shall apply to parimutuel betting in interstate common
3 pools except as otherwise provided in this section or in the
4 board's rules.

5 (b) Participation in a common pool solely as a sending
6 track or as a receiving track shall not cause that track to be
7 deemed to be doing business in this State, or in the other
8 state, for any purpose.

9 § -13 Where licensee is receiving the race from a
10 sending racetrack in another state. (a) Subject to section
11 -11(j) and with the prior approval of the board, the
12 licensee, who is permitted to accept wagers in this State on
13 horse races conducted at racetracks located outside this State,
14 may combine parimutuel pools in this State with comparable pools
15 at the sending racetrack. Notwithstanding any other provision
16 of this chapter and subject to the approval of the board, the
17 types of wagering, takeout, distribution of winnings, and rules
18 of racing in effect for parimutuel pools at the sending
19 racetrack shall govern wagers placed in this State and merged
20 into the interstate common pool. Breakage for interstate common
21 pools shall be calculated in accordance with the law or rules
22 governing the sending racetrack, and shall be distributed



1 between participating jurisdictions in a manner agreed to
2 between the licensee and the sending racetrack.

3 (b) With the prior approval of the board and concurrence
4 of the sending racetrack, an interstate common pool may be
5 formed among the licensee and other receiving persons or
6 entities in any state other than the state in which the sending
7 racetrack is located. For such an interstate common pool, the
8 board may approve the types of wagering, takeout, distribution
9 of winnings, rules of racing, and calculation of breakage which
10 are different from those that would otherwise be applied in this
11 State but are consistent for all parties to the interstate
12 common pool.

13 (c) The licensee may deduct from wagers placed in any
14 interstate common pool any fee to the person or entity
15 conducting the race for the privilege of conducting parimutuel
16 wagering on the race, payment of costs incurred in transmitting
17 the broadcast of the race, and participation in the interstate
18 common pool.

19 (d) Provisions of law or contract, if any, governing the
20 distribution of shares of the takeout, from wagers placed in
21 this State in separate parimutuel pools on races run in another
22 state, either to this State as parimutuel taxes or respectively



1 to breeder awards and to purses in this State, shall remain in
2 effect for wagers placed in interstate common pools; provided
3 that:

4 (1) If the board approves an adjustment in the takeout
5 rate, the distribution of the takeout within this
6 State shall be adjusted proportionately to reflect the
7 adjustment in the takeout rate; and

8 (2) With the concurrence of the licensee and the
9 organization representing a majority of the breeders,
10 the respective share to breeder awards or to purses
11 may be modified.

12 § -14 Where licensee's racetrack is the sending
13 racetrack. (a) Subject to section -11(j) and with the prior
14 approval of the board, the licensee may permit one or more of
15 its races to be utilized for parimutuel wagering at one or more
16 locations in other states, may transmit audiovisual signals of
17 races the licensee conducts to one or more locations outside the
18 State, and may also permit parimutuel pools in other states to
19 be combined with its comparable wagering pools or with wagering
20 pools established by other states. The board may amend its
21 rules and adopt separate rules governing interstate common



1 pools, and adopt rules to provide for interstate common pools
2 governing the calculation of breakage.

3 (b) Parimutuel taxes shall not be imposed upon any amounts
4 wagered in an interstate common pool other than upon amounts
5 wagered within this State.

6 (c) Provisions of law or contract, if any, governing the
7 distribution of shares of the takeout, from wagers placed in
8 other states in separate parimutuel pools on races run in this
9 State, respectively to breeder awards and to purses in this
10 State, shall remain in effect for wagers placed in interstate
11 common pools; provided that with the concurrence of the licensee
12 and the organization representing a majority of the breeders,
13 the respective share of breeder awards or purses may be
14 modified.

15 § -15 **Application for pilot project license; fee.** (a)
16 Applications for a license to conduct parimutuel horse racing at
17 a parimutuel horse racing facility shall be filed with the
18 board. The application shall set forth any information as
19 requested by the board in its rules.

20 (b) The application for the license shall be accompanied
21 by a license fee in the form of a certified check on a bank
22 maintaining an office and licensed to do business in Hawaii in



1 an amount equal to \$500. The license fee shall be deposited
2 into the administrative fund established in section -7.

3 § -16 **Criteria for license; selection of licensee.** (a)

4 Pursuant to section -3, the board shall select a qualified
5 individual, and award that individual a license to conduct
6 parimutuel wagering at a parimutuel horse racing facility in the
7 State; provided that:

8 (1) The licensee shall have not less than twenty-five
9 years experience in the parimutuel horse racing
10 industry;

11 (2) The licensee shall hold or have held not less than six
12 different parimutuel horse racing industry licenses,
13 with at least three licenses in the area of equitation
14 and at least three licenses in the area of operations,
15 issued by an existing state horse racing board and
16 validated by the Federal Gaming Commission; and

17 (3) The licensee shall be legally domiciled in the State
18 for not less than ten years.

19 (b) The selection of a licensee shall be made pursuant to
20 the rules established by the board; provided that the rules
21 promote the integrity and quality of the activity, the
22 convenience of the public, and efficiency of operation.



1 § -17 **Criminal history record checks.** (a) The board
2 shall develop procedures for obtaining verifiable information
3 regarding the criminal history of persons who the board is
4 authorized to investigate. These procedures shall include a
5 criminal history record check to determine suitability for
6 employment.

7 For purposes of this section, "criminal history record
8 check" means an investigation based on fingerprints obtained by
9 a law enforcement officer and other identifying information by
10 means of:

11 (1) A national search of the individual's criminal history
12 record information conducted through the Federal
13 Bureau of Investigation; and

14 (2) A search of the individual's state criminal history
15 record information conducted through the Hawaii
16 criminal justice data center.

17 (b) The board shall not request a criminal history record
18 check of any person unless that person:

19 (1) Provides a set of fingerprints obtained by a law
20 enforcement agency; and

21 (2) Provides a signed statement:



- 1 (A) Containing the person's name, address, and date
2 of birth as appearing on a valid identification
3 document;
- 4 (B) That states that the person has not been
5 convicted of a crime, or, if the individual has
6 been convicted, contains a description of the
7 crime and the particulars of the conviction;
- 8 (C) Notifies the person that the board may request a
9 criminal history record check under subsection
10 (a); and
- 11 (D) Notifies the person of that person's rights to
12 obtain a copy of the criminal history record
13 check report, challenge the accuracy and
14 completeness of the report, and obtain a prompt
15 determination of the validity of the challenge
16 before a final determination is made by the
17 board.
- 18 (c) The board may hire or approve an applicant
19 provisionally prior to the completion of the criminal history
20 record check if, at all times prior to receipt of the criminal
21 history record check, the individual is under the direct



1 supervision of someone whose criminal history record check has
2 been completed.

3 (d) The board may refuse to employ or approve, or may
4 terminate employment or approval of, any person if:

5 (1) The person has been convicted of an offense that bears
6 on the individual's fitness for employment in the
7 gaming industry or other function for which board
8 approval is required;

9 (2) The individual's criminal history record information
10 indicates that the person may pose a threat to the
11 public interest; threatens the effective regulation
12 and control of gaming; or enhances the dangers of
13 unsuitable, unfair, or illegal practices, methods, or
14 activities in the operation of gaming or the carrying
15 on of the business and financial arrangements
16 incidental to gaming; or

17 (3) The individual has been convicted of or pleaded guilty
18 or nolo contendere to a felony or any gaming offense
19 in any jurisdiction or to a misdemeanor involving
20 dishonesty, fraud, or misrepresentation in any
21 connection or any offense involving moral turpitude.



1 § -18 **Grounds for refusal to award a license.** The board
2 may refuse to grant a license to the applicant if the applicant:

- 3 (1) Is a partnership, corporation, limited liability
4 company, firm, association, or other entity that is
5 not duly authorized to conduct business within the
6 State;
- 7 (2) Has any individual member who has been convicted of a
8 crime involving moral turpitude, or is in whole or in
9 part controlled or operated, directly or indirectly,
10 by a person who has been convicted of a crime
11 involving moral turpitude;
- 12 (3) Has violated any of the provisions of this chapter or
13 any rule of the board or any law or rule relating to
14 gambling or parimutuel wagering in any other
15 jurisdiction;
- 16 (4) In the opinion of the board, should not be granted a
17 license in the best interest of the safety, welfare,
18 health, peace, and morals of the people of this State;
19 or
- 20 (5) Has made a false statement of a material fact to the
21 board.



1 § -19 **Termination of engagement.** The licensee shall not
2 terminate or discontinue the engagement, employment, or
3 activities in preparation for, or in connection with, the
4 establishment of parimutuel horse racing, or otherwise refuse to
5 cooperate or participate, unless the board is given notice in
6 writing at least thirty days prior to the termination or
7 discontinuance. The board, upon notification of all interested
8 parties, may conduct hearings with respect to the termination or
9 discontinuance.

10 § -20 **No transfer of license.** No license issued under
11 this chapter shall be transferred.

12 § -21 **Subcontracting for services.** The licensee may
13 subcontract all or part of the services for which it is
14 licensed; provided that all subcontracts shall be subject to
15 board approval.

16 § -22 **Revocation of license.** (a) The board may revoke
17 the license upon any of the grounds upon which the board could
18 refuse to issue the license under section -18, or if the
19 licensee fails to pay to the board all sums required under this
20 chapter.

21 (b) A license shall be revoked only after reasonable
22 notice and opportunity for hearing pursuant to chapter 91.



1 (c) Revocation of the license shall constitute a
2 forfeiture of all rights and privileges granted by the board.

3 § -23 **Liability insurance.** The licensee shall carry
4 public liability insurance written on an approved form by a
5 company licensed to do business in this State.

6 § -24 **Surety bond.** The licensee shall provide and
7 deliver to the board a bond signed by a surety company
8 authorized to do business in this State in a form as the board
9 requires. The bond shall be in the amount required by the board
10 but shall not be less than \$250,000. The bond shall require the
11 licensee to:

- 12 (1) Pay to the State all moneys due under this chapter;
- 13 (2) Pay and discharge all obligations to the employees,
14 subcontractors, and other persons furnishing services,
15 labor, and materials in connection with the
16 construction, operation, maintenance, and repair of
17 the parimutuel horse racing system;
- 18 (3) Conduct the parimutuel horse racing in strict
19 accordance with this chapter and the rules of the
20 board; and
- 21 (4) Comply with all laws of the State.



1 The attorney general shall prosecute all actions relating to the
2 bond on behalf of the State."

3 SECTION 3. Chapter 712, Hawaii Revised Statutes, is
4 amended by adding a new section to part III to be appropriately
5 designated and to read as follows:

6 "§712- Parimutuel wagering exemption. Parimutuel horse
7 race wagering conducted in conformance with chapter does not
8 constitute an offense under this part."

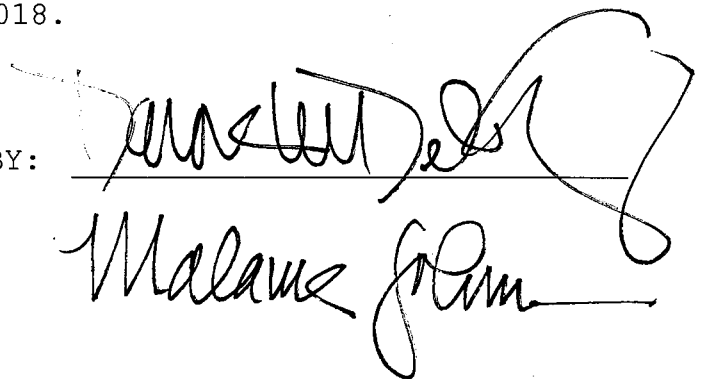
9 SECTION 4. This Act does not affect rights and duties that
10 matured, penalties that were incurred, and proceedings that were
11 begun, before its effective date.

12 SECTION 5. New statutory material is underscored.

13 SECTION 6. This Act shall take effect on July 1, 2013, and
14 shall be repealed on June 30, 2018.

15

INTRODUCED BY:


Malama Jones



S.B. NO. 918

Report Title:

5-Year Pilot Parimutuel Horse Racing Program

Description:

Authorizes a pilot parimutuel horse racing facility in Hawaii for 5 years. Creates board in DCCA. Of wagers, deposits: 4% into general fund, 4% into special fund for education, 0.5% for administration.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

