
A BILL FOR AN ACT

RELATING TO A STATE POKER COMMISSION.

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

1 SECTION 1. The purpose of this Act is to establish a poker
2 commission to oversee the licensing and operation of live poker
3 rooms in the State.

4 SECTION 2. The Hawaii Revised Statutes is amended by
5 adding a new chapter to be appropriately designated and to read
6 as follows:

7 **"CHAPTER**

8 **POKER COMMISSION**

9 **§ -1 Definitions.** As used in this chapter, unless the
10 context dictates otherwise:

11 "Commission" means the poker commission established under
12 this chapter.

13 "Licensee" means a person or entity that has been granted a
14 poker license by the poker commission to operate a live poker
15 room.



1 "Live poker room" means a facility in which poker games are
2 played against other players at the facility and not against the
3 dealer or house.

4 **§ -2 Poker commission; establishment; powers and duties.**

5 (a) There is established a poker commission, which shall be
6 attached to the department of business, economic development,
7 and tourism for administrative purposes. The commission shall
8 comprise three commissioners, as follows:

9 (1) The director of business, economic development, and
10 tourism, or the director's designee, who shall serve
11 as the chair of the commission;

12 (2) The director of commerce and consumer affairs, or the
13 director's designee; and

14 (3) The director of taxation, or the director's designee.

15 (b) The commission shall oversee the licensing and
16 operation of specified poker activities in the State. The
17 commission may hire staff such as an executive director,
18 investigators, and clerical staff as necessary to carry out its
19 duties.

20 (c) The powers and duties of the commission shall be as
21 follows:



1 (1) Review applications and award poker licenses for the
2 operation of live poker rooms; provided that not more
3 than one live poker room per county shall be
4 authorized to operate at any given time;

5 (2) Establish, and ensure compliance with, terms and
6 conditions for maintaining a valid poker license,
7 including safety and consumer protection requirements
8 and timely payment of applicable fees and taxes; and

9 (3) Adopt rules as necessary, pursuant to chapter 91, to
10 effectuate the purposes of this chapter.

11 **§ -3 Authorized poker activities.** The commission shall
12 authorize and regulate poker, which shall be played only in live
13 poker rooms overseen by the commission.

14 **§ -4 Qualifications for licensure.** (a) Each applicant
15 for a poker license shall include both an individual applicant
16 and an applying entity.

17 (b) The application submitted shall be on a form approved
18 by the commission and shall include supporting documentation to
19 establish the following:

20 (1) That the individual applicant:



- 1 (A) Has been a legal resident of the State for not
- 2 less than five years preceding the date of
- 3 application;
- 4 (B) Is not less than twenty-one years of age; and
- 5 (C) Has had no felony convictions; and
- 6 (2) That the applying entity:
 - 7 (A) Has been organized under the laws of the State;
 - 8 (B) Has a Hawaii tax identification number;
 - 9 (C) Has a department of commerce and consumer affairs
 - 10 business registration division number and suffix;
 - 11 (D) Has a federal employer identification number;
 - 12 (E) Is wholly held by Hawaii legal residents or
 - 13 entities wholly controlled by Hawaii legal
 - 14 residents who have been Hawaii legal residents
 - 15 for not less than five years immediately
 - 16 preceding the date the application was submitted;
 - 17 (F) Has financial resources under its control of not
 - 18 less than \$1,000,000 for each poker license
 - 19 applied for, in the form of bank statements or
 - 20 escrow accounts, and that the financial resources
 - 21 have been under the control of the applying



1 entity for not less than ninety days immediately
2 preceding the date the application was submitted;
3 and

4 (G) Is composed of principals or members, each of
5 whom has no felony convictions.

6 (c) A poker license shall not be sold or otherwise
7 transferred from one person to another person; provided that an
8 individual or entity that holds a poker license may take on
9 partners or additional owners, subject to the commission's
10 approval.

11 **§ -5 Fees.** (a) Each application for a poker license
12 shall be accompanied by payment of an application fee, as set by
13 the commission; provided that eighty per cent of the fee shall
14 be refunded by the commission if the application is denied.

15 (b) Upon approval of an application, each approved
16 licensee shall pay a one-time licensing fee, as set by the
17 commission.

18 (c) All fees collected by the commission under this
19 chapter shall be deposited into the poker regulation special
20 fund established pursuant to section -8.



1 § -6 Conditions for maintaining a poker license. A

2 licensee shall comply with the following conditions or
3 requirements during the period of licensure:

4 (1) Rules established by the commission, including safety
5 and consumer protection requirements;

6 (2) Timely payment of applicable taxes;

7 (3) Compliance with all applicable zoning laws;

8 (4) Each live poker room establishment shall:

9 (A) Have working security cameras;

10 (B) Implement a commonly accepted, industry standard
11 system to keep accurate records of players'
12 activity, including moneys won or lost and
13 players' time of play.

14 (C) Use a playing chip that is uniquely identifiable
15 with a microchip in each playing chip;

16 (D) Require that all dealers have a degree or
17 certificate from a professional dealer school
18 approved by the commission;

19 (E) Require that all private security guards be
20 licensed under section 463-7;



- 1 (F) Maintain a valid liquor license for the
- 2 establishment;
- 3 (G) Maintain a valid food and beverage license for
- 4 the establishment; and
- 5 (H) Establish and enforce written, industry standard
- 6 policies that address cheating and the prevention
- 7 of cheating; and
- 8 (5) Any other conditions or requirements specified by the
- 9 commission.

10 **§ -7 Revocation and suspension of license; hearing. (a)**

11 In addition to any other actions authorized by law, the
12 commission may deny, revoke, or suspend any license applied for
13 or issued by the commission, in accordance with this chapter,
14 and to fine or otherwise discipline a licensee for any cause
15 authorized by law, including the following:

- 16 (1) Procuring a license through fraud, misrepresentation,
- 17 or deceit;
- 18 (2) Professional misconduct, gross carelessness, or
- 19 manifest incapacity;
- 20 (3) Violation of any of the provisions of this chapter or
- 21 the rules adopted thereto;



- 1 (4) False, fraudulent, or deceptive advertising;
- 2 (5) Any other conduct constituting fraudulent or dishonest
- 3 dealings;
- 4 (6) Failure to comply with an order of the commission; and
- 5 (7) Making a false statement on any document submitted or
- 6 required to be filed by this chapter, including
- 7 furnishing false or fraudulent material information in
- 8 any application.

9 (b) Any person who violates any of the provisions of this
10 chapter or the rules adopted pursuant thereto shall be penalized
11 as follows:

- 12 (1) A mandatory fine of not less than \$2,000 for a first
- 13 offense;
- 14 (2) A mandatory fine of not less than \$4,000 for a second
- 15 offense within five years of a prior fine imposed
- 16 under this section; and
- 17 (3) A mandatory fine of not less than \$4,000 plus
- 18 suspension of the poker license for not less than
- 19 seven days for a third or subsequent offense within
- 20 five years of two prior fines imposed under this
- 21 section;



1 provided that the commission shall consider the nature and
2 severity of the offense in deciding whether to impose a penalty
3 that exceeds the minimum fine specified above.

4 (c) A revocation order may include language that upon the
5 revocation order becoming final, all poker equipment and related
6 supplies shall be forfeited to the State.

7 (d) All proceedings for denial, suspension, fine, or
8 revocation of a license on any ground specified in this section
9 shall be conducted pursuant to chapter 91, including the right
10 to judicial review.

11 **§ -8 Poker regulation special fund.** (a) There is
12 established in the state treasury the poker regulation special
13 fund, into which shall be deposited:

14 (1) All revenues from the operations of the poker
15 commission, including fees and fines collected; and

16 (2) Appropriations made by the legislature to the fund.

17 (b) Moneys in the poker regulation special fund shall be
18 used for the following purposes:

19 (1) Enforcement operations of the poker commission; and

20 (2) Public outreach and education efforts of the
21 commission."



1 SECTION 3. Section 712-1220, Hawaii Revised Statutes, is
2 amended by amending the definitions of "contest of chance" and
3 "gambling" to read as follows:

4 "Contest of chance" means any contest, game, gaming
5 scheme, or gaming device in which the outcome depends in a
6 material degree upon an element of chance, notwithstanding that
7 skill of the contestants may also be a factor therein~~[-]~~, but
8 does not include poker played at a live poker room licensed
9 pursuant to chapter .

10 "Gambling"~~[-—A]~~ occurs when a person engages in gambling
11 if [he] the person stakes or risks something of value upon the
12 outcome of a contest of chance or a future contingent event not
13 under [his] the person's control or influence, upon an agreement
14 or understanding that [he] the person or someone else will
15 receive something of value in the event of a certain outcome.

16 Gambling does not include ~~[bona]~~:

17 (1) Poker, when played at a live poker room licensed
18 pursuant to chapter ; or

19 (2) Bona fide business transactions valid under the law of
20 contracts, including but not limited to contracts for
21 the purchase or sale at a future date of securities or



1 commodities, and agreements to compensate for loss
2 caused by the happening of chance, including but not
3 limited to contracts of indemnity or guaranty and
4 life, health, or accident insurance."

5 SECTION 4. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so
7 much thereof as may be necessary for fiscal year 2020-2021 for
8 the establishment and operating expenses of the poker
9 commission, including the acquisition of office space, furniture
10 and equipment, and office supplies, and the training of
11 commissioners.

12 The sum appropriated shall be expended by the department of
13 business, economic development, and tourism for the purposes of
14 this Act.

15 SECTION 5. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2020-2021 for
18 the establishment of full-time equivalent (.0 FTE) staff
19 positions for the poker commission.



1 The sum appropriated shall be expended by the department of
2 business, economic development, and tourism for the purposes of
3 this Act.

4 SECTION 6. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun before its effective date.

7 SECTION 7. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 8. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: DO Het

JAN 23 2020



H.B. NO. 2584

Report Title:

State Poker Commission; DBEDT; DCCA; DOTAX; Appropriation

Description:

Establishes a State Poker Commission to oversee the licensing and operation of live poker rooms in the State. Designates as commissioners the respective directors of Business, Economic Development, and Tourism; Commerce and Consumer Affairs; and Taxation; or their designees. Appropriates funds.

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