

Honolulu, Hawaii

FEB 08 , 2024

RE: H.B. No. 2765
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
H.B. No. 2765 entitled:

"A BILL FOR AN ACT RELATING TO SPORTS WAGERING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow for the regulation of sports wagering by the Department of Business, Economic Development, and Tourism;
- (2) Establish licensing requirements for sports wagering operators and sports wagering suppliers;
- (3) Levy the general excise tax on licensed sports wagering operators and sports wagering suppliers; and
- (4) Specify that accepting sports wagers are not considered games of chance or gambling.

Your Committee received testimony in support of this measure from DraftKings and Sports Betting Alliance. Your Committee received testimony in opposition to this measure from the Honolulu Police Department and one individual. Your Committee received comments on this measure from the Department of Taxation;



Department of Business, Economic Development, and Tourism; and Office of Information Practices.

Your Committee finds that establishing a framework for a regulated, competitive sports wagering market in the State will stimulate economic growth while also protecting consumers as they engage in new ways with the sports they watch and enjoy. Your Committee intends for the revenues generated pursuant to this measure to be used for the prevention of illegal gambling, including to deter the use of illegal game rooms and online gaming, and to create a gambling mitigation program.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have levied the state general excise tax on licensed sports wagering operators and sports wagering suppliers;
- (2) Creating a Sports Wagering Special Fund to be administered by the Department of Law Enforcement for:
 - (A) The enforcement of any violation of gambling offenses as provided in part III of chapter 712, Hawaii Revised Statutes, including the deterrence of illegal game room operations and online gambling; and
 - (B) The creation of a gambling mitigation program;
- (3) Imposing a tax on licensed sports wagering operators and sports wagering suppliers and depositing the revenues collected into the Sports Wagering Special Fund;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2765, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2765, H.D. 1, and



be referred to your Committees on Consumer Protection & Commerce
and Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



DANIEL HOLT, Chair



