
A BILL FOR AN ACT

RELATING TO SOCIAL GAMING.

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

1 SECTION 1. The legislature finds that a facility for
2 social gaming will provide a safe place for alternative
3 entertainment, create jobs, and generate revenue for the State
4 of Hawaii and community-based programs.

5 The legislature believes that job creation and career
6 opportunities are two of highest factors for Hawaii residents to
7 feel secure and optimistic. Developing a new social gaming
8 industry will establish a new revenue path outside of the
9 overreliance on taxing transactions at Hawaii's beaches, hotels,
10 restaurants, and bars.

11 The legislature also finds that social gaming through
12 poker, cribbage, rummy, bridge, and other card games is not
13 gambling since individual skill is the predominant factor to
14 winning, in comparison to lotteries, contests of chance, and
15 various casino games. Social gaming also offers no house odds
16 for any game. Social gaming may include prizes and
17 consideration, entry fees and guaranteed prize winnings, so long



1 as all lawful participants have equal access and equal
2 opportunity, notwithstanding that individual skill, strategy,
3 and experience are expected to deliver unequal outcomes among
4 participants in any individual game or contest. When
5 participants enjoy competition among themselves and no house,
6 house odds, house player, or other house interest exists in the
7 games, contests, or the decisions and outcomes of those games
8 and contests, everybody wins. A licensed facility can serve the
9 purpose of providing a safe, clean, and fair place to play and
10 ensures the consistency and accuracy of all games and all
11 contests to all participants.

12 The legislature also believes that the facility can also
13 serve to monitor and measure each game or contest to ensure
14 operational integrity and to collect and distribute a per-hand,
15 per-game, or per-contest charge based on the volume of gameplay,
16 and deliver a percentage of the collection first to the State of
17 Hawaii. In addition to charging and collecting a participation
18 fee for the State of Hawaii, the facility will also charge,
19 collect, and deliver a percentage of the collection to
20 community-based programs focusing on solutions to housing
21 challenges. The facility may also earn its revenue by charging



1 participants to play in social games, and by selling food and
2 beverages. Individual game operators and supervisors may earn
3 their incomes via wages and tips from participants.

4 The legislature rejects any argument that any existing
5 entities may open a gaming facility or gambling casino in Hawaii
6 pursuant to the Indian Gaming Regulatory Act, which authorized
7 the establishment of hundreds of Native American gaming
8 operations in other states. According to the National Indian
9 Gaming Association, there are no federally recognized Native
10 American nations indigenous to Hawaii, and therefore a Native
11 American gaming operation would not be permissible in Hawaii
12 under the Act.

13 The legislature believes it owes a duty to protect,
14 preserve, and help provide improved opportunities for all Native
15 Hawaiians, with additional emphasis on quality of life
16 improvements. Any program for which Native Hawaiians are the
17 primary beneficiaries shall be considered thoroughly and
18 encouraged if possible.

19 This legislature additionally believes that its paramount
20 objective is to serve its constituents as beneficiaries of every
21 strategic plan that becomes an act, with innovative new bills,



1 and with stewardship. In order to better serve the current and
2 future strategic plans, the legislature ought to consider best
3 practices to improve funding and supplement Hawaii's financial
4 resource programs. One key objective to the protection of the
5 well-being of the State of Hawaii and its residents is to
6 diversify and to increase revenue streams. Increased revenues
7 equal increased funding for local community programs, including
8 the economic self-sufficiency and housing programs for Native
9 Hawaiians. Increasing housing security, home ownership, and the
10 average household income for Native Hawaiians is paramount to
11 meeting every other objective. This Act will positively
12 contribute to new job creation with priority hiring and training
13 of Native Hawaiians, and additional funding which is desperately
14 needed for the houseless crisis.

15 This legislative body of the great State of Hawaii is
16 charged with the responsibility to protect and improve the lives
17 of Native Hawaiians by creating and maintaining more vibrant
18 housing opportunities through economic stability initiatives.
19 This Act provides for a development team that includes Native
20 Hawaiians who share the same goals as this legislature, and are
21 eager to pursue opportunities that are preparing Native Hawaiian



1 communities for a better future with increases housing
2 availability and security. The unmatched beauty of Hawaii
3 guarantees its economic success in travel, tourism, and
4 hospitality. Improving the social and recreational
5 opportunities, with a focus on visitors' economic impact, can
6 drive substantial revenue toward the general and specific
7 budgets. As the legislature seeks alternative revenue streams
8 for housing, health, educational, and employment opportunities,
9 billions of tourism dollars are finding their way to other
10 states for entertainment and recreation.

11 It is often said that Las Vegas is Hawaii's ninth island.
12 Nearly twenty-five per cent of Hawaii's citizens visit Las Vegas
13 annually and a substantially greater percentage of Hawaii's
14 international visitors continue to Las Vegas for further
15 tourism, entertainment, and recreation. Japanese travelers
16 including Hawaii in their itineraries spent over \$40,000,000
17 last year in their supplemental visits to Las Vegas.

18 Travel and tourism research has shown that more than
19 seventy per cent of Japanese, Chinese, and Korean visitors to
20 Hawaii have also recently traveled to Las Vegas, or plan to
21 within twelve months, and would seek to visit a "casino or



1 gambling facility," or would approve of a "casino or gambling
2 facility" in Hawaii. While the gambling aspect will not be
3 delivered to these visitors through this Act, the entertainment,
4 recreation, social enjoyment, and competition aspects will
5 delivered. Other states that have authorized social gaming
6 facilities and non-casino card rooms have experienced a decline
7 in unlawful gambling activities and associated crime in the same
8 and nearby municipalities, and have also enjoyed billions of
9 dollars in job-created growth for their local economies. Time
10 and money that may have been spent in Las Vegas remained in part
11 within each respective state. Oregon and California both
12 specifically authorize gaming and social gaming facilities. The
13 best practices of each state have be incorporated into this Act.
14 Social gaming has a traditional and cultural history in Hawaii,
15 with contests of skill rather than chance. Games of Makahiki
16 included variations of checkers, darts, sticks, and stones.
17 These sports and games were usually played individually or as a
18 team and participants wagered with one another, and without any
19 odds or negative expectation. These were games of strategy,
20 practice, strength, speed, memory, observation, and
21 intelligence. Players always holding a fair and equal



1 opportunity to win, and their individual skill being the
2 predominant factor, was a key factor.

3 Today's versions of these skill-based games include board
4 games, card games, and social sports: chess, checkers, poker,
5 rummy, cribbage, darts, pool, bowling, and more. A social
6 gaming facility specializing in offering some of these games,
7 contests, and events will be celebrated by traditional Hawaiian
8 culture advocates and newly employed Hawaiians alike.

9 Creating a safe, fun, and fair place for locals and
10 visitors to gather, together, to compete socially in games and
11 tournaments, and to enjoy friendly competitions that also
12 benefit Hawaii's general and specific budgets is the primary
13 goal. The power to review, authorize, license, and even grant
14 or exclude land use for this specified use is within the full
15 control of the legislature. The legislature may specifically
16 authorize and adopt rules regarding the time, place,
17 supervision, and the play of social games.

18 The legislature further finds that, according to a 2022
19 report, fifty-two per cent of homeless individuals on Oahu
20 identify as "Native Hawaiian and Pacific islander" as their only
21 race or as part of their multiracial identity. This Act will



1 aim to address the disproportionate number of Native Hawaiians
2 and Pacific islanders suffering from lack of affordable housing
3 by allocating a per-hand, per-game, or per-contest fee for all
4 players.

5 The purpose of this Act is to authorize social gaming with
6 a portion of the revenues to support housing programs.

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

10 "CHAPTER

11 SOCIAL GAMING

12 PART I. GENERAL PROVISIONS

13 § -101 Definitions. As used in this chapter, unless the
14 context clearly requires otherwise:

15 "Affiliate" means a person who, directly or indirectly,
16 through one or more intermediaries:

17 (1) Controls, is controlled by, or is under common
18 control;

19 (2) Is in a partnership or joint venture relationship; or



1 (3) Is a co-shareholder of a corporation, a co-member of a
2 limited liability company, or a co-partner in a
3 limited liability partnership;
4 with a person who holds or applies for a social gaming license
5 under this chapter.

6 "Agent" means any individual who is employed by any agency
7 of the State, other than the commission, who is assigned to
8 perform full-time services on behalf of or for the benefit of
9 the commission, regardless of the title or position held by that
10 individual.

11 "Applicant" means any person who applies for a license
12 under this chapter.

13 "Blind" means a forced bet that must be placed into the pot
14 by one or more players before the cards are dealt.

15 "Button" means an object used to indicate which player has
16 the deal or vicarious deal. The button moves to the player
17 immediately clockwise of the player who had the previous deal
18 once that hand concludes.

19 "Chairperson" means the chairperson of the Hawaii social
20 gaming control commission.



1 "Commission" means the Hawaii social gaming control
2 commission.

3 "Deal" means the designation of a certain player by the use
4 of a button or other object, for purposes of the order of card
5 distribution among the players and the order of the opportunity
6 for placement of wagers among the players in a card game. The
7 deal or vicarious dealing designation shall rotate among players
8 each hand, unless all players agree to rotate the deal less
9 frequently.

10 "Dealer" means an individual who distributes playing cards
11 to players in accordance with the rules of the particular social
12 card game and administers the game functions, rules, and
13 integral outcomes. A dealer shall not places wagers or play in
14 any game. A dealer shall not be considered a player.

15 "Department" means the department of business, economic
16 development, and tourism.

17 "Executive director" means the executive director of the
18 commission.

19 "Facility" means a freestanding, land-based structure for
20 social gaming and shall not include existing hotels or other



1 transient accommodation and lodging, bars, restaurants,
2 showrooms, or theaters.

3 "Financial interest" or "financially interested" means any
4 interest in investments, awarding of contracts, grants, loans,
5 purchases, leases, sales, or similar matters under consideration
6 or consummated by the commission, or holding a one per cent or
7 more ownership interest in an applicant or a licensee. A
8 member, employee, or agent of the commission shall be considered
9 to have a financial interest in a matter under consideration if
10 any of the following circumstances exist:

11 (1) The individual owns one per cent or more of any class
12 of outstanding securities that are issued by a party
13 to the matter under consideration or consummated by
14 the commission; or

15 (2) The individual is employed by or is an independent
16 contractor for a party to the matter under
17 consideration or consummated by the commission.

18 "Individual" means a natural person.

19 "Investigative hearing" means any hearing conducted by the
20 commission or its authorized representative to investigate and
21 gather information or evidence regarding pending license



1 applicants, qualifiers, licensees, or alleged or apparent
2 violations of this chapter or rules adopted by the commission.
3 An investigative hearing shall include any matter related to an
4 apparent deficiency.

5 "Membership" shall mean the dues-specific requirement for
6 participation of any player in any social game. The social
7 gaming facility may be a private business, private club, or
8 place of public accommodation at which social gaming takes place
9 and the facility may charge or not charge patrons a membership
10 fee for the privilege of accessing and using the facilities.
11 The duration of such memberships shall not be less than seven
12 calendar days.

13 "Occupational license" means a license issued by the
14 commission to an individual to perform an occupation relating to
15 social gaming in the State that the commission has identified as
16 an occupation that requires a license.

17 "Outside employment" includes the following:

- 18 (1) Operation of a proprietorship;
19 (2) Participation in a partnership or group business
20 enterprise; or



1 (3) Performance as a director or corporate officer of any
2 for-profit corporation, or banking or credit
3 institution.

4 "Person" means an individual, association, partnership,
5 estate, trust, corporation, limited liability company, or other
6 legal entity.

7 "Player" means any person who plays a social game.

8 "Political activity" or "politically related activity"
9 includes any of the following:

10 (1) Using the person's official authority or influence for
11 the purpose of interfering with or affecting the
12 result of an election;

13 (2) Knowingly soliciting, accepting, or receiving
14 political campaign contributions from any person;

15 (3) Running for nomination or as a candidate for election
16 to a political office; or

17 (4) Knowingly soliciting or discouraging the participation
18 in any political activity of any person who is:

19 (A) Applying for any compensation, grant, contract,
20 ruling, license, permit, or certificate pending
21 before the commission; or



1 (B) The subject of or a player in an ongoing audit,
2 investigation, or enforcement action being
3 carried out by the commission.

4 "Problem gambling" shall mean compulsive behavior adverse
5 to the desired social benefits of social gaming.

6 "Qualifier" means an affiliate, affiliated company,
7 officer, director, or managerial employee of an applicant, or
8 person who holds greater than a five per cent direct or indirect
9 interest in an applicant. As used in this definition,
10 "affiliate" and "affiliated company" shall not include a
11 partnership, joint venture relationship, co-shareholder of a
12 corporation, co-member of a limited liability company, or co-
13 partner in a limited liability partnership that has a five per
14 cent or less direct interest in the applicant and is not
15 involved in the facility as defined in rules adopted by the
16 commission.

17 "Social gaming", "gaming", or "game", as the context may
18 require, means the operation of deck-of-card game rooms, poker
19 rooms, card clubs, and social gaming Private Member
20 Associations. Social games shall only be played between 7:00
21 a.m. and 3:00 a.m. When social games are played on the



1 premises of a private business, private club, or place of public
2 accommodation, social games shall only be played during normal
3 operating hours. Social games shall be played in accordance
4 with the rules set forth in Hoyle' s Modern Encyclopedia of Card
5 Games, a copy of which shall be maintained on the social gaming
6 premises, and shall be subject to inspection by any player upon
7 request provided that the rules of a social game may deviate
8 from those set forth in Hoyle's Modern Encyclopedia of Card
9 Games if:

- 10 (1) The deviations are posted on the social gaming
11 premises in a conspicuous location; and
12 (2) All players of a social game agree to the posed rules;
13 and
14 (3) The social game shall not, with the modifications,
15 violate federal or state law.

16 "Social gaming license" means a license to operate and
17 maintain the social gaming facility under this chapter.

18 "Supplier" means a person that the commission has
19 identified under rules adopted by the commission as requiring a
20 license to provide the facility licensees with goods or services
21 regarding the realty, construction, maintenance, or business of



1 a proposed or existing facility on a regular or continuing
2 basis, including manufacturers, distributors, persons who
3 service gaming devices or equipment, garbage haulers,
4 maintenance companies, food purveyors, and construction
5 companies.

6 "Supplier license" means a license that authorizes a person
7 to furnish any equipment, devices, supplies, or services to a
8 licensed facility permitted under this chapter.

9 "Table" shall mean the shared playing surface where players
10 and the dealer are seated for the game. There shall be no more
11 than one game per table at a time. The number of players per
12 table shall not exceed ten.

13 "Tournament" means a tournament-style social game where
14 players each pay a buy-in and where the tournament winner or
15 winners split up the designated prize pool as the winnings
16 pursuant to terms agreed upon before the tournament begins.

17 "Wager" means any opportunity to bet, including a blind, an
18 ante, an initial bet, or a raise.

19 **PART II. HAWAII SOCIAL GAMING CONTROL COMMISSION**

20 **§ -201 Hawaii social gaming control commission;**
21 **established.** There is established the Hawaii social gaming



1 control commission within the department of business, economic
2 development, and tourism for administrative purposes only. The
3 commission shall be a body corporate and a public
4 instrumentality of the State for the purpose of implementing
5 this chapter.

6 **§ -202 Members, chairperson, officers; appointment.** (a)

7 The commission shall consist of seven members to be appointed by
8 the governor pursuant to section 26-34. Of the seven members,
9 two shall be appointed from a list of nominees submitted by the
10 president of the senate and two shall be appointed from a list
11 of nominees submitted by the speaker of the house of
12 representatives.

13 (b) Vacancies in the commission shall be filled for the
14 unexpired term in like manner as the original appointments.

15 (c) The members shall elect a chairperson from among its
16 members.

17 (d) Officers of the commission shall be selected by the
18 members.

19 **§ -203 Member applicant disclosure.** In addition to any
20 other disclosures required by the governor or by law, before
21 appointment as a member, the individual shall disclose to the



1 governor all past involvement of any gaming interest in the past
2 five years.

3 § -204 **Member requirements.** (a) Each member of the
4 commission shall:

5 (1) Be a resident of the State;

6 (2) Serve part-time;

7 (3) Be paid compensation of \$300 for each day in the
8 performance of their official duties; and

9 (4) Be reimbursed for expenses, including travel expenses,
10 incurred in the performance of official duties.

11 (b) Before assuming the duties of office, each member of
12 the commission shall:

13 (1) Take an oath that the member shall faithfully execute
14 the duties of office according to the laws of the
15 State; and

16 (2) File and maintain with the director a bond in the sum
17 of \$25,000 with good and sufficient sureties. The
18 cost of any bond for any member of the commission
19 under this section shall be considered a part of the
20 necessary expenses of the commission.



1 (c) By January 31 of each year, each member shall prepare
2 and file with the commission, a disclosure form in which the
3 member shall:

4 (1) Affirm that the member or the member's spouse, parent,
5 child, or child's spouse is not a member of the board
6 of directors of, financially interested in, or
7 employed by, a licensee or applicant;

8 (2) Affirm that the member continues to meet all other
9 criteria for commission membership under this chapter
10 or the rules adopted by the commission;

11 (3) Disclose any legal or beneficial interest in any real
12 property that is or may be directly or indirectly
13 involved with social gaming operations authorized by
14 this chapter; and

15 (4) Disclose any other information that may be required to
16 ensure that the integrity of the commission and its
17 work is maintained.

18 § -205 **Member disqualifications.** No individual shall be
19 appointed as a member of the commission or continue to be a
20 member of the commission if the individual:

21 (1) Is an elected State official;



1 (2) Is licensed by the commission pursuant to this
2 chapter, or is an official of, has a financial
3 interest in, or has a financial relationship with, any
4 social gaming operation subject to the jurisdiction of
5 this commission pursuant to this chapter;

6 (3) Is related to any individual within the second degree
7 of consanguinity or affinity who is licensed by the
8 commission pursuant to this chapter; or

9 (4) Has been under indictment, convicted, pled guilty or
10 nolo contendere, or forfeited bail for a felony or a
11 misdemeanor involving gambling or fraud under the laws
12 of this State, any other state, or the United States
13 within the ten years prior to appointment.

14 § -206 **Member removal.** The president of the senate and
15 speaker of the House of Representatives may request that the
16 governor remove or suspend a member of the commission that they
17 personally nominated for a seat on the commission. Upon receipt
18 of a request from the president of the senate or the speaker of
19 the House of Representatives, and after due notice and public
20 hearing, the governor may remove or suspend that member for
21 cause.



1 § -207 Powers and duties of the commission. (a) The
2 commission shall have all powers necessary to regulate all
3 social gaming operations, including the power to:

4 (1) Administer, regulate, and enforce the system of gaming
5 established by this chapter. The commission's
6 jurisdiction shall extend to every person,
7 association, corporation, partnership, trust, and any
8 other entity having a financial interest in or holding
9 a license under this chapter, or required under this
10 chapter to hold a license in social gaming operations
11 in the city and county of Honolulu;

12 (2) Issue a license to operate the social gaming facility
13 pursuant to this chapter;

14 (3) Determine the types and numbers of occupational
15 licenses and supplier licenses to be permitted under
16 this chapter;

17 (4) Adopt standards for the licensing of all persons under
18 this chapter subject to the qualifications and
19 standards set forth herein, to issue licenses, and to
20 establish and collect fees for these licenses;



1 (5) Provide for the collection of all taxes imposed
2 pursuant to this chapter, and to collect, receive,
3 expend, and account for all revenues derived from
4 social gaming within the city and county of Honolulu;

5 (6) Enter at any time without a warrant and without notice
6 to a social gaming licensee, the premises, offices,
7 facility, or other places of business of a social
8 gaming licensee or supplier licensee, where evidence
9 of the compliance or noncompliance with this chapter
10 or rules is likely to be found. Entry is authorized
11 to:

12 (A) Inspect and examine all premises wherein gaming
13 or the business of gaming or the business of a
14 supplier is conducted, or where any records of
15 the activities are prepared;

16 (B) Inspect, examine, audit, impound, seize, or
17 assume physical control of, or summarily remove
18 from the premises all books, ledgers, documents,
19 writings, photocopies of correspondence records,
20 videotapes, including electronically stored
21 records, money receptacles, other containers and



- 1 their contents, equipment in which the records
- 2 are stored, or other gaming-related equipment and
- 3 supplies on or around the premises;
- 4 (C) Inspect the person, and inspect, examine, and
- 5 seize personal effects present in a facility
- 6 licensed under this chapter or of any holder of a
- 7 gaming license; and
- 8 (D) Investigate and deter alleged violations of this
- 9 chapter or rules;
- 10 (7) Investigate alleged violations of this chapter and
- 11 take appropriate disciplinary action against a social
- 12 gaming licensee, supplier licensee, or occupational
- 13 licensee for a violation, or institute appropriate
- 14 legal action for enforcement, or both;
- 15 (8) Be present, through its inspectors and agents, any
- 16 time gaming operations are conducted in the facility
- 17 for the purpose of certifying the facility's revenue,
- 18 receiving complaints from the public, or conducting
- 19 other investigations into the conduct of the game
- 20 operations and the maintenance of the equipment as



- 1 from time to time the commission may deem necessary
2 and proper;
- 3 (9) Employ any personnel that may be necessary to carry
4 out its duties;
- 5 (10) Adopt appropriate standards for the social gaming
6 facility;
- 7 (11) Require that records, including financial or other
8 statements, of any social gaming licensee under this
9 chapter be kept in the manner prescribed by the
10 commission and that any social gaming licensee
11 involved in the ownership or management of game
12 operations submit to the commission an annual balance
13 sheet and profit and loss statement, a list of the
14 stockholders or other persons having a five per cent
15 or greater beneficial interest in the activities of
16 the social gaming licensee, and any other information
17 the commission deems necessary to effectively
18 administer this chapter;
- 19 (12) Conduct hearings, issue subpoenas for the attendance
20 of witnesses and subpoenas duces tecum for the
21 production of books, records, and other pertinent



1 documents, and to administer oaths and affirmations to
2 the witnesses, when, in the judgment of the
3 commission, it is necessary to administer or enforce
4 this chapter. The executive director or the executive
5 director's designee may issue subpoenas and administer
6 oaths and affirmations to witnesses;

7 (13) Prescribe any employment application form to be used
8 by the social gaming licensee involved in the
9 ownership or management of game operations for hiring
10 purposes;

11 (14) Eject or exclude, or authorize the ejection or
12 exclusion of, any individual from the social gaming
13 facility where the individual is in violation of this
14 chapter or, based upon the individual's conduct, the
15 individual's presence within the social gaming
16 facility may call into question the honesty and
17 integrity of the game operations or interfere with the
18 orderly conduct thereof, or any other action that, in
19 the opinion of the commission, is a detriment or
20 impediment to the game operations; provided that the



propriety of that ejection or exclusion shall be
subject to subsequent hearing by the commission;

(15) Permit the social gaming licensee to use a system
whereby a player's money is converted to tokens,
electronic cards, or chips having visible
denominations, that shall be used only for wagering
within the facility;

(16) Suspend, revoke, or restrict any license issued
pursuant to this chapter, to require the removal of a
licensee or an employee of a licensee for a violation
of this chapter or a commission rule, or for engaging
in a fraudulent practice;

(17) Impose and collect fines of up to \$5,000 against
individuals and up to \$10,000, against the social
gaming licensee or a supplier licensee for each
violation of this chapter, any rules adopted by the
commission, or for any other action that is a
detriment or impediment to game operations;

(18) Establish minimum levels of insurance to be maintained
by the social gaming licensee or a supplier licensee;



1 (19) Establish a process to facilitate and expedite the
2 approval of the necessary licenses and permits for the
3 social gaming licensee to begin regular operations;

4 (20) Establish its own procedures for the issuance of
5 liquor licenses for the social gaming license under
6 this chapter; provided that all state laws and county
7 ordinances relating to liquor are satisfied;

8 (21) Delegate the execution of any of its powers for the
9 purpose of administering and enforcing this chapter;
10 and

11 (22) Adopt rules pursuant to chapter 91 to implement this
12 chapter, including rules that:

13 (A) Govern, restrict, approve, or regulate the gaming
14 authorized in this chapter;

15 (B) Promote the safety, security, and integrity of
16 gaming authorized in this chapter;

17 (C) License and regulate, consistent with the
18 qualifications and standards set forth in this
19 chapter, persons participating in or involved
20 with gaming authorized in this chapter; and



1 (D) Take any other action that may be reasonable or
2 appropriate to enforce this chapter and rules
3 adopted under this chapter.

4 (b) The commission shall collaborate with the Hawaii
5 tourism authority to identify high-value markets for the social
6 gaming facility and develop and implement marketing strategies
7 for those markets.

8 (c) The commission shall adopt rules in accordance with
9 chapter 91 establishing a code of ethics for its members and
10 employees that shall include a prohibition on employees
11 participating in any game or gaming operation subject to the
12 jurisdiction of the commission. The code of ethics shall be
13 separate from and in addition to any standards of conduct set
14 forth pursuant to chapter 84.

15 § -208 Chairperson; reports. (a) Whenever the
16 chairperson is required to file disclosure forms or report in
17 writing the details of any incident or circumstance pursuant to
18 this chapter, the chairperson shall file the forms or reports to
19 the commission.

20 (b) The chairperson shall report any action the
21 chairperson has taken or contemplates taking under this chapter,



1 with respect to an employee or agent or former employee or
2 former agent, to the commission at the next meeting of the
3 commission. The commission may direct the executive director to
4 take additional or different action.

5 (c) The chairperson may investigate or initiate an
6 investigation of any matter reported with the assistance of the
7 attorney general and law enforcement to determine if the matter
8 violates this or other state law. The disclosure under this
9 section and the investigation shall remain confidential.

10 Following an investigation, the chairperson shall advise the
11 governor and the commission of the results of the investigation
12 and may recommend action the chairperson considers appropriate.

13 § -209 Meetings; hearings. (a) The commission, subject
14 to chapter 92, shall hold at least one meeting in each quarter
15 of the state fiscal year. The chairperson or any four members
16 may call special meetings; provided that written notice of a
17 special meeting shall be provided to each member not less than
18 seventy-two hours before the meeting. Four members shall
19 constitute a quorum, and a majority vote of the members present
20 shall be required for any final determination by the commission.



1 The commission shall keep a complete and accurate record of all
2 its meetings.

3 (b) Upon order of the commission, one of the commission
4 members, or a hearings officer designated by the commission, may
5 conduct any hearing provided for under this chapter related to
6 gaming or by commission rule and may recommend findings and
7 decisions to the commission. The record made at the time of the
8 hearing shall be reviewed by the commission, or a majority
9 thereof, and the findings and decisions of the majority of the
10 commission shall constitute the order of the commission in that
11 case.

12 (c) Notice of the actions of the commission shall be
13 served either by personal delivery or by certified mail, postage
14 prepaid, to the aggrieved party.

15 (d) Any party aggrieved by an action of the commission
16 denying, suspending, revoking, restricting, or refusing to renew
17 a license under this chapter may request a hearing before the
18 commission. A request for a hearing shall be made to the
19 commission in writing within five days after service of notice
20 of the action of the commission. The commission shall conduct
21 all requested hearings promptly and in reasonable order.



- 1 § -210 Executive director of the Hawaii social gaming
2 control commission. (a) The commission shall appoint an
3 executive director of the commission who shall be subject to the
4 commission's supervision. The executive director shall:
- 5 (1) Hold office at the pleasure of the commission;
 - 6 (2) Be exempt from chapters 76 and 89;
 - 7 (3) Devote full-time to the duties of the office;
 - 8 (4) Not hold any other office or employment;
 - 9 (5) Perform all duties that the commission assigns;
 - 10 (6) Receive an annual salary at an amount set by the
11 commission;
 - 12 (7) Be reimbursed for expenses actually and necessarily
13 incurred in the performance of the executive
14 director's duties;
 - 15 (8) Preserve all records, books, documents, and other
16 papers belonging to the commission or entrusted to its
17 care relating to social gaming;
 - 18 (9) Set the salaries of employees hired pursuant to this
19 section; and
 - 20 (10) Keep records of all proceedings of the commission.



1 (b) Except as otherwise provided by law, the executive
2 director may:

3 (1) Hire assistants, other officers, and employees, who
4 shall be exempt from chapters 76 and 89 and who shall
5 serve at the pleasure of the executive director; and

6 (2) Appoint committees and consultants necessary for the
7 efficient operation of social gaming; provided that no
8 individual shall be hired or appointed under this
9 subsection who:

10 (A) Is an elected state official;

11 (B) Is licensed by the commission pursuant to this
12 chapter or is an official of, has a financial
13 interest in, or has a financial relationship
14 with, any gaming operation subject to the
15 jurisdiction of the commission pursuant to this
16 chapter;

17 (C) Is related to any individual within the second
18 degree of consanguinity or affinity who is
19 licensed by the commission pursuant to this
20 chapter; or



1 (D) Has been under indictment, convicted, pled guilty
2 or nolo contendere, or forfeited bail for a
3 felony or misdemeanor concerning gambling or
4 fraud under the laws of this State, any other
5 state, or the United States within the last ten
6 years.

7 § -211 **Commission employees.** (a) No individual shall
8 be employed by the commission if:

9 (1) During the three years immediately preceding
10 appointment or employment, the individual held any
11 direct or indirect interest in, or was employed by:

12 (A) A licensee under this chapter or in another
13 jurisdiction; or

14 (B) A potential licensee who had an application to
15 operate the facility pending before the
16 commission or any other jurisdiction; except that
17 the individual seeking employment may be employed
18 by the commission if the individual's interest in
19 any licensee would not, interfere with the
20 objective discharge of the individual's
21 employment obligations. An individual shall not



1 be employed by the commission if the individual's
2 interest in the licensee constitutes a
3 controlling interest in that licensee; or

4 (2) The individual or the individual's spouse, parent,
5 child, child's spouse, or sibling:

6 (A) Is a member of the commission;

7 (B) Is a director of or has a financial interest in
8 the social gaming licensee;

9 (C) Is a director of or has a financial interest in a
10 supplier licensee; or

11 (D) Has an application for any license pending before
12 the commission.

13 **§ -212 Employee, agent of commission; pre-employment**

14 **disclosure.** Before employment as an employee or agent of the
15 commission, the individual shall disclose all past involvement
16 with any gaming interest in the past five years.

17 **§ -213 Hawaii social gaming control commission**

18 **employees; financial disclosures.** Each employee or agent of the
19 commission, except the executive director, shall file with the
20 commission at the time of employment a financial disclosure
21 statement listing all assets, liabilities, property and business



1 interests, and sources of income of the employee and the
2 employee's spouse.

3 § -214 Member, employee, or agent of commission;

4 **conduct.** (a) Any member, employee, or agent of the commission
5 who:

6 (1) Becomes aware that the member, employee, or agent of
7 the commission or their spouse, parent, or child is a
8 member of the board of directors of, financially
9 interested in, or employed by a licensee or an
10 applicant shall immediately provide detailed written
11 notice thereof to the chairperson;

12 (2) Has been indicted, charged with, convicted of, pled
13 guilty or nolo contendere to, or forfeited bail for:

14 (A) A misdemeanor involving gambling, dishonesty,
15 theft, or fraud;

16 (B) A local ordinance in any state involving
17 gambling, dishonesty, theft, or fraud that
18 substantially corresponds to a misdemeanor in
19 that state; or

20 (C) A felony under Hawaii law, the laws of any other
21 state, or the laws of the United States, or any



1 other jurisdiction; shall immediately provide
2 detailed written notice of the conviction or
3 charge to the chairperson;

4 (3) Is negotiating for, or acquires by any means, any
5 interest in a licensee or an applicant, or is
6 affiliated with such a person, shall immediately
7 provide written notice of the details of the interest
8 to the chairperson. The member, employee, or agent of
9 the commission shall not act on behalf of the
10 commission with respect to that person;

11 (4) Receives an invitation, written or oral, to initiate a
12 discussion concerning employment or the possibility of
13 employment with a person, or affiliate of a person,
14 who is a licensee or an applicant shall immediately
15 report the invitation to the chairperson. The member,
16 employee, or agent of the commission shall not take
17 action on behalf of the commission with respect to
18 that person;

19 (5) Is offered a bribe in violation of this chapter shall
20 immediately provide a written account of the details
21 of the incident to the chairperson and to a law



1 enforcement officer of a law enforcement agency having
2 jurisdiction; and

3 (6) Acquires a financial interest in a licensee or
4 applicant, or affiliate or representative of a
5 licensee or applicant through no intentional action of
6 the employee or agent, shall have up to thirty days to
7 divest or terminate the financial interest. An
8 individual who has been offered employment with the
9 commission and any employee's, agent's, or member's
10 spouse, parent, or child who acquires a financial
11 interest in a licensee or applicant, or affiliate or
12 representative of a licensee or applicant through no
13 intentional action of the individual who has been
14 offered employment with the commission, member,
15 employee, or agent of the commission shall have up to
16 thirty days to divest or terminate the financial
17 interest. Any employment or agent may be terminated
18 by the chairperson if the interest has not been
19 divested after thirty days.



1 § -215 Member, employee, or agent of commission;
2 prohibitions. No member, employee, or agent of the commission
3 shall:

4 (1) Engage in political activity or politically related
5 activity during the duration of the individual's
6 appointment or employment;

7 (2) Enter into any negotiations for employment with any
8 person or affiliate of any person who is a licensee or
9 an affiliate; provided that if a member, an employee,
10 or an agent of the commission does enter into any
11 negotiations for employment with any person or
12 affiliate of any person who is a licensee or an
13 affiliate, the member, employee, or agent of the
14 commission shall immediately provide written notice of
15 the details of any negotiations or discussions to the
16 chairperson, and the member, employee, or agent of the
17 commission shall not take any action on behalf of the
18 commission with respect to that person for the
19 duration of any negotiations for employment;

20 (3) Accept any gift, gratuity, compensation, travel,
21 lodging, or anything of value, directly or indirectly,



1 from any licensee, applicant, or any affiliate or
2 representative of an applicant or licensee or allow
3 any parent, spouse, sibling, or child of a member,
4 employee, or agent of the commission to do the same,
5 unless the acceptance conforms to a written policy or
6 directive issued by the chairperson or the commission.

7 If any member, employee, or agent of the commission or
8 any parent, spouse, sibling, or child of a member,
9 employee, or agent of the commission is offered or
10 receives any gift, gratuity, compensation, travel,
11 lodging, or anything of value, directly or indirectly,
12 from any licensee or any applicant or affiliate or
13 representative of an applicant or licensee, that
14 member, employee, or agent of the commission shall
15 immediately provide written notification of the
16 details to the chairperson;

17 (4) Engage in any conduct that constitutes a conflict of
18 interest, and shall immediately provide written
19 notification to the chairperson of the details of any
20 incident or circumstances that would present the
21 appearance of a conflict of interest with respect to



1 the performance of commission-related work or duty of
2 the member, employee, or agent of the commission; and
3 (5) Participate in any game conducted by any licensee or
4 applicant, or any affiliate of an applicant or
5 licensee, in the State or in any other jurisdiction;
6 provided that:

7 (A) A member, employee, or agent of the commission
8 may participate in a game conducted by a licensee
9 under this chapter, to the extent authorized by
10 the chairperson or commission as part of the
11 member's surveillance, security, or other
12 official duties for the commission; and

13 (B) A member, employee, or agent of the commission
14 shall advise the chairperson at least twenty-four
15 hours in advance if the member plans to be
16 present in the facility in the State, operated by
17 a licensee, applicant, or affiliate of a licensee
18 or applicant, outside the scope of their official
19 duties for the commission.

20 § -216 **Employee; outside employment.** (a) A new or
21 current employee or agent of the commission shall obtain written



1 permission from the executive director before continuing outside
2 employment held at the time the employee begins to work for the
3 commission. Permission shall be denied or permission previously
4 granted shall be revoked if the nature of the work is considered
5 to create a possible conflict of interest or otherwise
6 interferes with the duties of the employee or agent for the
7 commission.

8 (b) An employee or agent of the commission granted
9 permission for outside employment shall not conduct any business
10 or perform any activities, including solicitation, related to
11 outside employment on premises used by the commission or during
12 the employee's working hours for the commission.

13 § -217 Confidentiality. A member, employee, or agent of
14 the commission, or former member, employee, or agent of the
15 commission, shall not disseminate or otherwise disclose any
16 material or information in the possession of the commission that
17 the commission considers confidential unless specifically
18 authorized to do so by the chairperson or the commission.

19 § -218 Post-employment, post-membership; restrictions.

20 (a) Within five years after the date of termination of the
21 individual's membership on or employment with the commission, a



1 member of the commission or the executive director, shall not
2 hold direct or indirect interest in, be employed by, or enter
3 into a contract for service with, any applicant or person
4 licensed by the commission.

5 (b) Within three years after the date of termination of
6 the member's term of office or the employee's period of
7 employment with the commission, a commission member or an
8 individual employed by the commission shall not represent a
9 person or party other than the State before or against the
10 commission.

11 (c) Within a period of three years after the date of
12 termination of the individual's employment with the commission,
13 the individual shall not acquire any direct or indirect interest
14 in, be employed by, or enter into a contract for services with
15 any applicant or person licensed by the commission.

16 (d) A business entity in which a former commission member
17 or employee or agent has an interest, or any partner, officer,
18 or employee of the business entity, shall not make any
19 appearance or representation before the commission from which
20 that former member, employee, or agent is prohibited. As used
21 in this subsection, "business entity" means a corporation,



1 limited liability company, partnership, limited liability
2 partnership association, trust, or other form of legal entity.

3 **§ -219 Former member, employee, agent of the commission;**
4 **witness.** A former member, employee, or agent of the commission
5 may appear before the commission as a witness testifying as to
6 factual matters or actions handled by the member, employee, or
7 agent during the individual's tenure as a member, employee, or
8 agent of the commission. The member, employee, or agent of the
9 commission shall not receive compensation for the appearance
10 other than a standard witness fee and reimbursement for travel
11 expenses as established by statute or court rule.

12 **§ -220 Member, employee, or agent of commission;**
13 **penalties.** (a) Violation of this chapter by a member of the
14 commission may result in disqualification or constitute cause
15 for removal under section 26-34(d) or other disciplinary action
16 as determined by the commission.

17 (b) Violation of this chapter by an employee or agent of
18 the commission shall not result in termination of employment or
19 require other disciplinary action if the commission determines
20 that the conduct involved does not violate the purpose of this
21 chapter; provided that employment shall be terminated:



- 1 (1) If the employee or agent is a spouse, parent, child,
2 or spouse of a child of a commission member; or
3 (2) If, after being offered employment or having begun
4 employment with the commission, the employee or agent
5 intentionally acquires a financial interest in a
6 licensee or applicant, or affiliate or representative
7 of a licensee or applicant.

8 § **-221 Annual report.** The commission shall file a
9 written report with the governor and legislature at least sixty
10 days prior to the close of each fiscal year and shall file any
11 additional reports that the governor or legislature requests.
12 The annual report shall include:

- 13 (1) A statement of receipts and disbursements related to
14 social gaming pursuant to this chapter;
15 (2) Actions taken by the commission; and
16 (3) Any additional information and recommendations that
17 the commission may deem valuable or that the governor
18 or legislature may request.

19 § **-222 No civil cause of action.** A violation of this
20 part shall not create a civil cause of action.



1 **PART III. SOCIAL GAMING FACILITY**

2 **SUBPART A. SOCIAL GAMING LICENSE APPLICATIONS**

3 **§ -301 Authorization of social gaming.** (a) Social

4 gaming shall only be authorized in one facility located in the
5 geographic area designated by a county with a population greater
6 than three hundred thousand residents as a special district that
7 contains the largest concentration of hotel rooms.

8 (b) Within one hundred and twenty days of its appointment,
9 the commission shall adopt necessary rules and make applications
10 available for a social gaming license to operate the social
11 gaming facility. Applications for a social gaming license shall
12 be submitted to the commission no later than sixty days after
13 the date applications are made available. The commission shall
14 select the applicant that best meets the criteria pursuant to
15 this subpart no later than ninety days after the final date
16 applications must be submitted to the commission. If the
17 selected applicant meets all the requirements of this chapter,
18 the commission shall issue a social gaming license to the
19 applicant within one hundred and twenty days after the date the
20 applicant is selected.



1 § -302 **Application for the social gaming license.** (a)

2 Each applicant shall be a resident of the State for at least the
3 ten years immediately preceding the submission of the
4 application. If an entity submits an application, a principal
5 of the entity shall be a resident of the State for the twenty
6 years immediately preceding the submission of the application.

7 (b) A person, including qualifiers, may apply to the
8 commission for a social gaming license. The application shall
9 be made under oath on forms provided by the commission and shall
10 contain information as prescribed by the commission, including
11 the following:

12 (1) The name, business address, telephone number, social
13 security number and, where applicable, the federal tax
14 identification number of the applicant and every
15 qualifier;

16 (2) An identification of any business, including, if
17 applicable, the state of incorporation or
18 registration, in which the applicant or qualifier has
19 an equity interest of more than five per cent. If the
20 applicant or qualifier is a corporation, partnership,
21 or other business entity, the applicant or qualifier



1 shall identify any other corporation, partnership, or
2 other business entity in which it has an equity
3 interest of more than five per cent, including, if
4 applicable, the state of incorporation or
5 registration. The applicant or qualifier may comply
6 with this paragraph by filing a copy of the
7 applicant's or qualifier's registration with the
8 United States Securities and Exchange Commission if
9 the registration contains the information required by
10 this paragraph;

11 (3) Whether the applicant or qualifier has been indicted,
12 convicted, pled guilty or nolo contendere, or
13 forfeited bail for a felony within the last eight
14 years or a misdemeanor involving gambling, theft,
15 dishonesty or fraud within the last eight years, not
16 including traffic violations, and including the date,
17 name, and location of the court, arresting agency,
18 prosecuting agency, the case caption, docket number,
19 offense, disposition, and location and length of
20 incarceration;



1 (4) Whether the applicant or qualifier has ever been
2 granted any license or certificate issued by a
3 licensing authority in the State, or any other
4 jurisdiction, that has been restricted, suspended,
5 revoked, or not renewed and a statement describing the
6 facts and circumstances concerning the application,
7 denial, restriction, suspension, revocation, or
8 nonrenewal, including the licensing or codifying
9 authority, the date each action was taken, and the
10 reason for each action;

11 (5) Whether the applicant or qualifier, within the last
12 ten years, has filed or had filed against it a civil
13 or administrative action or proceeding in bankruptcy
14 or has, within the last eight years, been involved in
15 any formal process to adjust, defer, suspend, or
16 otherwise address the payment of any debt, including
17 the date of filing, name, and location of the court,
18 case caption, docket number, and disposition;

19 (6) Whether the applicant or qualifier, within the last
20 five tax years, has failed to pay any final amount of
21 tax due and payable under federal, state, or local



law, after exhaustion of all interagency appeals
processes, including the amount, type of tax, taxing
jurisdiction, and time periods involved;

(7) Bank statements, escrow accounts, or other documents
demonstrating the financial resources that have been
under the control of the applicant for not less than
ninety days immediately preceding the date of the
application;

(8) A statement listing the names and titles of all public
officials or officers of any unit of state or county
government in the jurisdiction in which the facility
is to be located, and the spouses, parents, and
children of those public officials or officers who,
directly or indirectly, own any financial interest in,
have any beneficial interest in, are the creditors of
or hold any debt instrument issued by, or hold or have
an interest in any contractual or service relationship
with, the applicant or a qualifier. As used in this
paragraph, "public official" or "officer" shall not
include an individual who would be listed solely



1 because of the individual's state or federal military
2 service;

3 (9) The name and business telephone number of any
4 attorney, counsel, or any other person representing an
5 applicant or a qualifier in matters before the
6 commission; and

7 (10) For the applicant only, a development plan for the
8 social gaming facility that includes a description of
9 the proposed facility, including the economic benefit
10 to the community, anticipated or actual number of
11 employees, any statement from an applicant regarding
12 compliance with federal and state affirmative action
13 guidelines, projected or actual admissions, projected
14 or actual gross receipts, and scientific market
15 research, if any.

16 (c) Applicants shall submit with their application a plan
17 for training residents of the State for jobs that are available
18 at the facility. The plan shall take into consideration the
19 need to provide training to low-income individuals to enable
20 them to qualify for jobs that will be created by the facility.



1 (d) Each applicant and qualifier shall disclose the
2 identity of every person, association, trust, or corporation
3 having a greater than five per cent direct or indirect financial
4 interest in the gaming operation for which the license is
5 sought. If the disclosed entity is a:

6 (1) Trust, the application shall disclose the names and
7 addresses of the beneficiaries;

8 (2) Corporation, the application shall disclose the names
9 and addresses of all stockholders and directors; and

10 (3) Partnership, the application shall disclose the names
11 and addresses of all partners, both general and
12 limited.

13 (e) To demonstrate financial ability, the applicant may
14 include the economic resources of the person or persons who will
15 operate the social gaming facility and any qualifiers.

16 (f) Each applicant and qualifier shall submit with the
17 application two sets of the applicant's fingerprints on forms
18 provided by the commission.

19 (g) An application fee of \$50,000 shall be paid to the
20 commission by an applicant at the time of filing to defray the
21 costs associated with an applicant and qualifier's background



1 investigation conducted by the commission. All information,
2 records, interviews, reports, statements, memoranda, or other
3 data supplied to or used by the commission in the course of its
4 review or investigation of an application for a license shall be
5 confidential, used only for the purpose of evaluating an
6 applicant, and exempt from public disclosure required by chapter
7 92F, and shall not be admissible as evidence, nor discoverable
8 in any action of any kind in any court or before any tribunal,
9 agency, or person.

10 § -303 Gaming license application; denial. (a) An
11 applicant shall be denied a gaming license if:

12 (1) The applicant has been convicted of a felony under the
13 laws of this State, any other state, or the United
14 States within seven years before the date of the
15 application;

16 (2) The individual has knowingly submitted an application
17 for a license under this chapter that contains false
18 information;

19 (3) The applicant fails to present proof of financial
20 resources in excess of \$1,000,000 under its control;

21 (4) The individual is a member of the commission;



1 (5) The firm or corporation applying for a license employs
2 an individual described in paragraphs (1), (2), (3),
3 or (4) who participates in the management or operation
4 of gaming operations authorized under this chapter; or

5 (6) A license of the applicant issued under this chapter,
6 or a license to own or operate gaming facilities in
7 any other jurisdiction, has been revoked.

8 (b) An incomplete application shall be cause for denial of
9 a license by the commission.

10 § -304 **Application deficiency.** (a) If, in the review
11 of an application submitted under this chapter, the executive
12 director identifies an apparent deficiency that, if true, would
13 require denial of the license or the disqualification of a
14 qualifier, the executive director shall notify the affected
15 applicant or qualifier in writing of the apparent deficiency.
16 The applicant or qualifier may then request an informal
17 conference with the executive director to discuss the factual
18 basis of the apparent deficiency.

19 (b) The executive director shall provide the applicant or
20 qualifier a reasonable period of time to correct the apparent
21 deficiency. If the apparent deficiency is not corrected within



1 a reasonable time period, the executive director shall find that
2 the apparent deficiency has not been corrected. Following this
3 finding, the affected applicant or qualifier shall have an
4 opportunity to appeal the executive director's finding of an
5 apparent deficiency to the commission. The commission shall
6 conduct an investigative hearing, in accordance with rules
7 adopted under this chapter, to determine whether there is
8 sufficient evidence to support an apparent deficiency finding.
9 At the hearing, the burden of proof shall be on the executive
10 director to demonstrate that the finding of an apparent
11 deficiency is supported by law and facts. Any finding by the
12 commission about an applicant or a qualifier's apparent
13 deficiency shall not constitute a final determination by the
14 commission as to the suitability of the applicant to hold a
15 social gaming license, or the suitability of a qualifier to hold
16 an ownership interest in the facility applicant.

17 (c) At any time prior to a finding by the commission that
18 a qualifier is unsuitable to hold an ownership interest in the
19 facility license applicant, a qualifier shall have the ability
20 to sell its ownership interest in the facility license applicant



1 to the facility license applicant, another qualifier, or a third
2 party.

3 (d) A qualifier who has been issued a finding of an
4 apparent deficiency shall have the right to request that the
5 commission expand the apparent deficiency hearing under this
6 section to include a determination of the qualifier's
7 suitability to hold an ownership interest in the social gaming
8 license applicant. If that request is made, the commission
9 shall determine the suitability of the affected qualifier
10 separate from the suitability of the applicant and any of its
11 other qualifiers. A request by a qualifier for an extended
12 hearing pursuant to this section shall not prevent the
13 commission from issuing a license to the applicant. Until the
14 commission determines that a qualifier under this section is
15 suitable to hold an ownership interest in the applicant, the
16 applicant or licensee shall not do any of the following:

17 (1) Make any direct or indirect payments or distributions
18 of revenue or other benefits to the qualifier that are
19 related in any way to the qualifier's interest in the
20 applicant; or



1 (2) Pay any direct or indirect compensation to the
2 qualifier for services rendered to the applicant,
3 unless specifically approved and authorized by the
4 commission.

5 **§ -305 Criteria for award of a gaming license.** (a) The
6 information provided on the application shall be used as the
7 basis for a background investigation that the commission shall
8 conduct with respect to each applicant and qualifier.

9 (b) The license to operate a facility shall be awarded
10 based upon the following criteria:

11 (1) Whether the applicant's social gaming facility
12 development plan for the facility will increase
13 tourism, generate jobs, and provide revenue to the
14 local economy;

15 (2) Whether the applicant has the financial resources and
16 ability to construct the facility, based upon the
17 submitted financial data and other facts;

18 (3) Whether the applicant has the financial ability to
19 purchase and maintain adequate liability and casualty
20 insurance and to provide an adequate surety bond;



1 (4) Whether the applicant has adequate capitalization to
2 develop, construct, maintain, and operate, for the
3 duration of the license, the proposed facility, in
4 accordance with the requirements of this chapter and
5 rules adopted by the commission, and to responsibly
6 pay off its secured and unsecured debts, in accordance
7 with its financing agreement and other contractual
8 obligations;

9 (5) The extent to which the applicant or any of its
10 qualifiers demonstrate that they have assisted the
11 State in developing social gaming through their
12 commitment of resources to support, promote, and
13 establish social gaming in the State. Expenditures of
14 time, money, and effort shall all be considered in
15 connection with this criterion. The timing of
16 participation shall further influence this criterion,
17 with early participation and contribution to the
18 development program receiving more favorable
19 consideration;

20 (6) The extent to which the applicant or any of its
21 qualifiers demonstrate that they have at least ten



1 years of experience in helping to revitalize an urban
2 area by successfully planning, developing, and opening
3 a gaming facility in any state that previously did not
4 have any social gaming facility. Any experience in
5 planning, developing, and opening a gaming facility
6 that is currently operating shall receive more
7 favorable consideration for this criterion. For
8 purposes of this paragraph, "urban area" means a
9 jurisdiction having a population of at least one
10 hundred thousand;

11 (7) Whether the applicant or any of its qualifiers has
12 been indicted, convicted, pled guilty or nolo
13 contendere, or forfeited bail for a felony within the
14 last ten years or a misdemeanor involving gambling,
15 theft, dishonesty, or fraud within the last ten years,
16 not including traffic violations;

17 (8) Whether the applicant or any of its qualifiers, within
18 the last seven years:

19 (A) Has filed, or had filed against it, a proceeding
20 for bankruptcy; or



- 1 (B) Has been involved in any formal process to
- 2 adjust, defer, suspend, or otherwise address the
- 3 payment of any debt;
- 4 (9) Whether an applicant or any of its qualifiers, within
- 5 the last five tax years, has failed to pay any final
- 6 amount of tax due and payable under federal, state, or
- 7 local law, after exhaustion of all interagency appeals
- 8 processes;
- 9 (10) Whether the applicant or any of its qualifiers is
- 10 Native Hawaiian with Hawaii residency for at least the
- 11 last ten years;
- 12 (11) Whether the applicant owns directly or derivatively
- 13 real property in the state prior to the passage of
- 14 this bill; and
- 15 (12) Whether the applicant meets other standards for the
- 16 issuance of a social gaming license that the
- 17 commission may have adopted by rule. Any rules
- 18 adopted pursuant to chapter 91 shall not be arbitrary,
- 19 capricious, or contradictory to the expressed
- 20 provisions of this chapter and shall further define



1 and clarify the above listed conditions, rather than
2 create new conditions for licensure.

3 **§ -306 Institutional investor.** (a) Unless the
4 commission determines that an institutional investor is
5 unqualified, an institutional investor holding less than ten per
6 cent of the equity securities or ten per cent of the debt
7 securities of a social gaming licensee's affiliate or affiliated
8 company that is related in any way to the financing of the
9 social gaming licensee, shall be granted a waiver of the
10 eligibility and suitability requirements if:

11 (1) The securities represent a percentage of the
12 outstanding debt of the affiliate or affiliated
13 company not exceeding twenty percent, or a percentage
14 of any issue of the outstanding debt of the affiliate
15 or affiliated company not exceeding fifty percent;

16 (2) The securities are those of a publicly traded
17 corporation and its holdings of the securities were
18 purchased for investment purposes only; and

19 (3) Upon request by the commission, the institutional
20 investor files with the commission a certified
21 statement that it has no intention of influencing or



1 affecting the affairs of the issuer, the social gaming
2 licensee, or its affiliate or affiliated company.

3 (b) The commission may grant a waiver under this section
4 to an institutional investor holding a higher percentage of
5 securities than allowed in subsection (a) upon a showing of good
6 cause and if the conditions specified in subsection (a) are met.

7 (c) An institutional investor granted a waiver under this
8 section that subsequently intends to influence or affect the
9 affairs of the issuer shall provide notice to the commission and
10 file an application for a determination of eligibility and
11 suitability before taking any action that may influence or
12 affect the affairs of the issuer.

13 (d) Notwithstanding any provisions of this chapter, an
14 institutional investor may vote on all matters that are put to
15 the vote of the outstanding security holders of the issuer.

16 (e) If an institutional investor changes its investment
17 intent or if the commission finds that the institutional
18 investor is unqualified, no action other than divestiture of the
19 security holdings shall be taken until there has been compliance
20 with this chapter.



1 (f) The social gaming licensee, an affiliate, or
2 affiliated company shall immediately notify the commission of
3 any information concerning an institutional investor holding its
4 equity or debt securities that may affect the eligibility and
5 suitability of the institutional investor for a waiver under
6 this section.

7 (g) If the commission finds that an institutional
8 investor, holding any security of an affiliate or affiliated
9 company of a social gaming licensee that is related in any way
10 to the financing of the social gaming licensee, fails to comply
11 with the requirements of this section, or if at any time the
12 commission finds that, by reason of the extent or nature of its
13 holdings, an institutional investor is in a position to exercise
14 a substantial impact upon the controlling interests of a social
15 gaming licensee, the commission may take any necessary action to
16 protect the public interest, including requiring the
17 institutional investor to satisfy eligibility and suitability
18 requirements.

19 **\$ -307 Bond of social gaming licensee.** Before a social
20 gaming license is issued, the licensee shall file a bond in the
21 sum of \$200,000 with the department. The bond shall be used to



1 guarantee that the licensee faithfully makes the payments, keeps
2 books and records, makes reports, and conducts games of skill,
3 in conformity with this chapter and rules adopted by the
4 commission. The bond shall not be canceled by a surety less
5 than thirty days after providing written notice to the
6 commission. If a bond is canceled and the licensee fails to
7 file a new bond with the commission in the required amount on or
8 before the effective date of cancellation, the licensee's
9 license shall be revoked. The total and aggregate liability of
10 the surety on the bond shall be limited to the amount specified
11 in the bond.

12 **§ -308 Social Gaming license; term.** The term of the
13 social gaming license shall be ten years and shall be renewable
14 for additional ten-year terms according to rules adopted by the
15 commission.

16 **§ -309 Revocation of social gaming license.** The
17 commission may revoke the social gaming license if the licensee
18 fails to begin regular gaming operations within twelve months of
19 receipt of the commission's approval of the application or
20 twelve months after a certificate of occupancy for the facility
21 is first issued, whichever is later, upon a finding by the



1 commission that the license revocation is in the best interest
2 of the State.

3 § -310 Social Gaming licensee or applicant;

4 prohibitions; ex parte communications. (a) A licensee or
5 applicant shall not knowingly initiate a negotiation for, or
6 discussion of, employment with a member, employee, or agent of
7 the commission. A licensee or applicant who initiates a
8 negotiation or discussion about employment shall immediately
9 provide written notice of the details of the negotiation or
10 discussion to the chairperson as soon as that person becomes
11 aware that the negotiation or discussion has been initiated with
12 a member, employee, or agent of the commission.

13 (b) A licensee or applicant, or affiliate or
14 representative of an applicant or licensee, shall not, directly
15 or indirectly, knowingly give or offer to give any gift,
16 gratuity, compensation, travel, lodging, or anything of value to
17 any member, employee, or agent of the commission that the
18 member, employee, or agent of the commission is prohibited from
19 accepting.

20 (c) A licensee or applicant or any affiliate or
21 representative of an applicant or licensee shall not engage in



1 ex parte communications concerning a pending application,
2 license, or enforcement action with members of the commission.
3 A member of the commission shall not engage in any ex parte
4 communications with a licensee or an applicant, or with any
5 affiliate or representative of an applicant or licensee,
6 concerning a pending application, license, or enforcement
7 action.

8 (d) Any licensee or applicant, or affiliate or
9 representative of licensee or applicant, who receives any ex
10 parte communication in violation of this section from a member,
11 or who is aware of an attempted communication in violation of
12 this section, shall immediately report in writing to the
13 chairperson details of the communication or attempted
14 communication.

15 (e) Violation of this section by a licensee, applicant, or
16 affiliate or representative of a licensee or applicant, may
17 result in denial of the application for licensure, revocation or
18 suspension of a license, or other disciplinary action by the
19 commission.



SUBPART B. GAMING LICENSEE OPERATIONS

§ -351 Conduct of gaming. Gaming conducted by the social gaming licensee shall be subject to the following:

- (1) The site of the facility shall be restricted to the area specified in section -301(a);
- (2) The facility shall be a stand-alone building or buildings and shall not be located within a hotel or existing restaurant;
- (3) The facility shall open no earlier than 7:00 a.m. and shall close no later than 3:00 a.m. daily, at which time all individual players admitted shall leave the facility;
- (4) The facility shall not have more than thirty tables, and each table shall not seat more than ten players and one dealer;
- (5) No person under eighteen years of age shall be permitted in an area of the facility where gaming is being conducted;
- (6) Wagering for poker, bridge, cribbage, and other deck-of-card games shall not be conducted with money or other negotiable currency;



- 1 (7) Game equipment and supplies customarily used in
- 2 conducting gaming shall be purchased or leased only
- 3 from suppliers licensed under this chapter;
- 4 (8) All tokens, chips, or electronic cards used to make
- 5 wagers shall only be purchased from a licensed owner
- 6 within the social gaming facility. The tokens, chips,
- 7 or electronic cards may be purchased by means of an
- 8 agreement under which the facility owner exchanges for
- 9 the player at the published exchange rate currency for
- 10 the tokens, chips, or electronic cards. The tokens,
- 11 chips, or electronic cards shall be used while within
- 12 the facility only for the purpose of making wagers on
- 13 authorized social games;
- 14 (9) The facility shall conspicuously display in the
- 15 facility or enclosure where the social game takes
- 16 place problem gambling information and telephone
- 17 numbers to obtain help. Facility management and staff
- 18 may decline to make social games available to a player
- 19 who exhibits signs of a compulsive behavior; and
- 20 (10) All rules adopted by the commission.



1 **§ -352 Social Gaming facility admission.** (a) The
2 facility shall only admit individuals eighteen years of age or
3 older; provided that if the facility serves alcohol, the
4 facility shall only admit individuals eighteen years of age or
5 older.

6 (b) The gaming licensee shall adopt rules governing
7 admission and make those rules available to the general public.

8 (c) This section shall not require the facility to admit
9 any individual who has violated any gaming licensee rule or who
10 is prohibited from entering the facility pursuant to law or
11 order of a court.

12 **§ -353 In-person self-wagering.** All wagers shall be
13 received from an individual present in the facility and no
14 individual present in the facility shall place or attempt to
15 place a wager on behalf of another individual. Any individual
16 who places a wager pursuant to this subsection shall satisfy the
17 facility admission requirements of section -352.

18 **§ -354 Collection of amounts owing under credit**
19 **agreements.** Notwithstanding any other law to the contrary, a
20 social gaming licensee who extends temporary credit to an
21 individual for the purpose of participation in a game at the



1 facility shall be expressly authorized to institute a cause of
2 action to collect any amounts due and owing under the extension
3 of credit as well as the social gaming licensee's costs,
4 expenses, and reasonable attorney's fees incurred in collection.

5 **§ -355 Training occupational licensees.** A social gaming
6 licensee may:

- 7 (1) Train occupational licensees; or
8 (2) Enter into an agreement with another entity to train
9 occupational licensees, in the facility or at a
10 location away from the facility; provided that the
11 training does not violate of any other law or rule.

12 **PART IV. GAMING SUPPLIES**

13 **§ -401 Supplier license; when required.** No person shall
14 furnish in excess of \$500,000 worth of equipment, devices, or
15 supplies to a social gaming licensee unless the person has first
16 obtained a supplier license pursuant to this part.

17 **§ -402 Supplier license; applications.** (a) The
18 commission may issue a supplier license to any person, firm, or
19 corporation who pays a nonrefundable application fee, as set by
20 the commission, upon a determination by the commission that the



1 applicant is eligible for a supplier license and upon payment by
2 the applicant of a \$5,000 license fee.

3 (b) Supplier licenses shall be renewable annually upon
4 payment of the \$5,000 annual license fee and a determination by
5 the commission that the licensee continues to meet the
6 requirements of this part.

7 (c) A person, firm, or corporation shall be ineligible to
8 receive a supplier license if:

9 (1) The person has been convicted of a felony under the
10 laws of this State, any other state, or the United
11 States;

12 (2) The person has knowingly submitted an application for
13 a license under this chapter that contains false
14 information;

15 (3) The person is a member of the commission;

16 (4) The firm or corporation is one in which a person
17 described in paragraphs (1), (2), or (3) is an
18 officer, director, or managerial employee;

19 (5) The firm or corporation employs a person described in
20 paragraphs (1), (2), or (3) that participates in the



1 management or operation of gaming authorized under
2 this chapter; or

3 (6) The license of the person, firm, or corporation issued
4 under this chapter, or a license to own or operate
5 gaming facilities in any other jurisdiction, has been
6 revoked.

7 § -403 **Supplier requirements.** (a) Each licensed
8 supplier shall:

9 (1) Furnish to the commission a list of all equipment,
10 devices, and supplies offered for sale or lease in
11 connection with gaming authorized under this chapter;

12 (2) Keep books and records for the furnishing of
13 equipment, devices, and supplies to gaming operations
14 separate and distinct from any other business that the
15 supplier might operate;

16 (3) File quarterly returns with the commission listing all
17 sales and leases; and

18 (4) File an annual report listing its inventories of
19 gaming equipment, devices, and supplies.



1 (b) No gaming supplier shall distribute supplies and
2 equipment worth more than \$500,000 unless that distribution
3 conforms to standards adopted by rules of the commission.

4 **§ -404 Supply repairs.** Any gaming equipment, device, or
5 supply provided by a supplier licensee may be repaired in the
6 facility or moved away from the facility to a location owned by
7 the gaming licensee for repair.

8 **§ -405 Supply forfeiture.** Any equipment, device, or
9 supplies that are used by any person in an unauthorized
10 operation shall be forfeited to the county in which the facility
11 is situated.

12 **PART V. GAMING OCCUPATIONS**

13 **§ -501 Occupational license; required.** No individual
14 shall be employed at a facility without a valid occupational
15 license issued pursuant to this chapter.

16 **§ -502 Occupational license; application.** (a) The
17 commission may issue an occupational license to an individual
18 upon:

19 (1) Submission of an application form prescribed by the
20 commission;



- 1 (2) Submission of two sets of the applicant's
2 fingerprints;
- 3 (3) The payment of a nonrefundable application fee set by
4 the commission. The amount of the fee shall be
5 sufficient to defray the costs associated with the
6 search and classification of fingerprints obtained by
7 the commission with respect to the application and any
8 other expenses to process the application;
- 9 (4) A determination by the commission that the applicant
10 meets the requirements for an occupational license;
11 and
- 12 (5) Payment of an annual license fee in an amount set by
13 the commission.
- 14 (b) Each application for an occupational license shall be
15 on a form prescribed by the commission and shall contain all
16 information required by the commission. The form shall require
17 the disclosure of whether the applicant:
- 18 (1) Has been issued prior gaming-related licenses in any
19 jurisdiction;



1 (2) Has been issued a gaming-related license in any other
2 jurisdiction under any other name, and, if so, the
3 name and the applicant's age at the time; and

4 (3) Has had a gaming-related license issued from any other
5 jurisdiction suspended, restricted, or revoked, and,
6 if so, for what period of time.

7 (c) To be eligible for an occupational license, an
8 applicant shall:

9 (1) Be at least eighteen years of age if the applicant
10 seeks to perform any function involved in gaming;

11 (2) Not have been convicted of a felony offense in any
12 jurisdiction or a crime involving dishonesty or moral
13 turpitude;

14 (3) Have demonstrated a level of skill or knowledge that
15 the commission determines to be necessary to operate
16 social games in the facility; and

17 (4) Have met standards for the holding of an occupational
18 license, as provided in rules adopted by the
19 commission, including background inquiries and other
20 requirements.



1 (d) The commission may deny an application for an
2 occupational license because the applicant:

3 (1) Is unqualified to perform the duties required;

4 (2) Has failed to disclose or stated falsely any
5 information called for in the application;

6 (3) Has been found guilty of a violation of this chapter;

7 (4) Whose prior gaming-related permit, license, or
8 application has been suspended, restricted, revoked,
9 or denied for just cause in any other jurisdiction; or

10 (5) For any other just cause.

11 (e) A person who knowingly makes a false statement on an
12 application for an occupational license shall be guilty of a
13 petty misdemeanor.

14 § -503 Occupational license; term. Any occupational
15 license issued pursuant to this part shall be valid for a period
16 of one year from the date of issuance and shall be renewable
17 annually upon payment of the annual license fee and a
18 determination by the commission that the licensee continues to
19 meet the requirements of this chapter.



1 § -504 Occupational license; suspension, revocation,
2 **restriction.** The commission may suspend, revoke, or restrict
3 any occupational license:

4 (1) For any violation of this chapter;

5 (2) For any violation of the rules of the commission;

6 (3) For any cause which, if known to the commission, would
7 have disqualified the applicant from receiving an
8 occupational license;

9 (4) For default in the payment of any obligation or debt
10 due to the State or any county within the State; or

11 (5) For any other just cause.

12 **PART VI. MISCELLANEOUS PROVISIONS**

13 § -601 The state social gaming fund; disposition of
14 **revenues collected.** There is established within the state
15 treasury the state social gaming fund to be administered by the
16 Hawaii gaming control commission into which shall be deposited
17 all fees and fines collected under this chapter and general
18 excise tax revenues realized. Moneys from the state gaming fund
19 shall be used to fund:

20 (1) Public security at the facility;

21 (2) Administrative expenses of the commission;



1 (3) Marketing of the facility;

2 (4) The full house fund by distributing not less than
3 fifty per cent of the revenues realized by the fund in
4 each fiscal year into the applicable organizations
5 specializing in programs that address homelessness in
6 Hawaii; and

7 (5) A compulsive gamblers program.

8 § -602 **Legislative oversight.** (a) After the first
9 fiscal year of operation, the auditor shall conduct a financial
10 and social assessment of social gaming operations. Thereafter,
11 the auditor shall conduct biennial financial and social
12 assessments of gaming operations. In conducting the
13 assessments, the auditor shall identify the financial impacts of
14 social gaming on the state economy and the social impacts of
15 social gaming upon the community. The auditor shall submit a
16 report of its findings and recommendations to the legislature no
17 later than twenty days prior to the convening of the next
18 regular session after the initial and biennial assessments are
19 completed.

20 (b) After the first full fiscal year of operation, the
21 auditor shall conduct a program and financial audit of the



1 Hawaii gaming commission. Thereafter, the auditor shall conduct
2 a program and financial audit every four years after the initial
3 audit is completed.

4 **§ -603 Compulsive gambler program.** The commission shall
5 create and implement a program to assist individuals who are
6 identified as compulsive gamblers and shall train operational
7 licensees to identify and monitor potential compulsive gambling
8 behavior."

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

12 "§712- **Social gaming; exempted.** This part shall not
13 apply to social gaming as authorized by chapter ."

14 SECTION 4. Section 84-17, Hawaii Revised Statutes, is
15 amended by amending subsection (c) to read as follows:

16 "(c) The following persons shall file annually with the
17 state ethics commission a disclosure of financial interests:

18 (1) The governor, lieutenant governor, members of the
19 legislature, and delegates to the constitutional
20 convention; provided that delegates to the



constitutional convention shall only be required to
file initial disclosures;

(2) The directors and their deputies, the division chiefs,
the executive directors and the executive secretaries
and their deputies, the purchasing agents, and the
fiscal officers, regardless of the titles by which the
foregoing persons are designated, of every state
agency and department;

(3) The permanent employees of the legislature and its
service agencies, other than persons employed in
clerical, secretarial, or similar positions;

(4) The administrative director of the State, and the
assistants in the office of the governor and
lieutenant governor, other than persons employed in
clerical, secretarial, or similar positions;

(5) The hearings officers of every state agency and
department;

(6) The president, vice presidents, assistant vice
presidents, chancellors, and provosts of the
University of Hawaii and its community colleges;



- 1 (7) The superintendent, deputy superintendent, assistant
2 superintendents, complex area superintendents, state
3 librarian, and deputy state librarian of the
4 department of education;
- 5 (8) The administrative director and deputy director of the
6 courts;
- 7 (9) The members of every state board or commission whose
8 original terms of office are for periods exceeding one
9 year and whose functions are not solely advisory;
- 10 (10) Candidates for state elective offices, including
11 candidates for election to the constitutional
12 convention; provided that candidates shall only be
13 required to file initial disclosures;
- 14 (11) The administrator and assistant administrator of the
15 office of Hawaiian affairs;
- 16 (12) The Hawaii unmanned aerial systems test site chief
17 operating officer; ~~and~~
- 18 (13) The members of the school facilities board appointed
19 by the governor~~[]~~; and
- 20 (14) The executive director, assistants, officers, and
21 employees of the Hawaii gaming control commission."



H.B. NO. 1466

1 SECTION 5. All initial appointments to the Hawaii gaming
2 control commission shall be made within sixty days of the
3 effective date of this Act.

4 SECTION 6. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2025.

7

INTRODUCED BY:

Jay Axt (BR)

JAN 23 2025



H.B. NO. 1466

Report Title:

Tourism; Entertainment; Social; Gaming; Poker; Legalization;
Housing; Native Hawaiians; Tax Revenue

Description:

Authorizes a 10-year renewable license for a social gaming facility in a special district designated for tourism. Allows admission and participation for adults. Non-residents shall be required to apply for guest membership. Establishes the Hawaii social gaming control commission to monitor and measure operational activities as well as collect and distribute tax revenue from social game operations. Imposes a consumption tax on every hand and every contest. Uses revenue for housing developments for currently houseless Native Hawaiian residents.

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

