

# OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII  
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EMAIL: oip@hawaii.gov

To: House Committee on Economic Development & Technology

From: Carlotta Amerino, Director

Date: January 31, 2025, 10:00 a.m.  
State Capitol, Conference Room 423

Re: Testimony on H.B. No. 1308  
Relating to Sports Wagering

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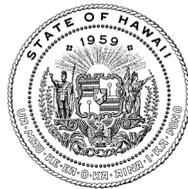
Thank you for the opportunity to submit testimony on this bill, which would legalize sports wagering as authorized by the Department of Business, Economic Development, and Tourism (DBEDT). The Office of Information Practices (OIP) **takes no position on the substance of this bill, but has concerns about the overly broad confidentiality provision** on bill page 11.

Proposed subsection \_\_-3(e) would require DBEDT to keep confidential “all information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the department in the course of its review or investigation of an applicant for a sports wagering operator license” and “any trade secret, proprietary information, confidential commercial information, or confidential financial information pertaining to any applicant or licensee.” This is a broad and vague collection of information; keeping confidential “all information” received in the course of DBEDT’s review or investigation of an application for a license would require keeping confidential information such as the applicant’s name and address, the applicant’s corporate structure or ownership, or the applicant’s previous related licenses, all of which are of public interest, and none of which are obviously

sensitive information which should be kept confidential. Additionally, a business might consider any information not sent out in a press release to be “proprietary.” Therefore, subsection \_\_-(3)(e) is overly broad and should be narrowed and clarified. The Uniform Information Practices Act (Modified) (UIPA), chapter 92F, Hawaii Revised Statutes (HRS), provides a suitable standard since its exception to public disclosure for information whose disclosure would frustrate a legitimate government function applies to confidential commercial and financial information, as analyzed in numerous OIP opinions, as well as to trade secrets. **OIP therefore respectfully recommends amending subsection \_\_-(3)(e) from page 11 line 5 to page 11 line 12** to instead require DBEDT to keep information about applicants and licensees confidential only to the extent it would not be publicly disclosable under the UIPA, as follows:

The department shall keep confidential information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the department in the course of its review or investigation of an applicant for a sports wagering operator license confidential to the extent such information falls within an exception to public disclosure under chapter 92F. The department shall also keep confidential information pertaining to any applicant or licensee to the extent such information falls within an exception to public disclosure under chapter 92F.

Thank you for considering OIP’s testimony.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**  
TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY  
ON  
HOUSE BILL NO. 1308

**January 31, 2025**  
**10:00 a.m.**  
**Room 423 and Videoconference**

RELATING TO SPORTS WAGERING

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 1308 adds a new chapter to the HRS to: 1) allow for lawful sports wagering under regulation of the Department of Business, Economic Development and Tourism (DBEDT); 2) require DBEDT to issue licenses to sports wagering operators and suppliers; 3) require DBEDT to establish a voluntary exclusion program; and 4) establish the Problem Gambling Prevention and Treatment Fund (PGPTF), which is to be administered by the Department of Health for the purposes of treating and supporting gambling disorders and receive an unspecified percentage of sports wagering taxes collected from licensed sports wagering operators. The bill also amends Section 237-13, HRS, to establish a 10% tax on gross sports wagering receipts for both licensed operators and suppliers; and amends Section 712-1220, HRS, to specify that sports wagering or fantasy sports contests shall not be considered games of chance or gambling.

As a matter of general policy, B&F does not support the creation of any special fund, which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 1308, it is difficult to determine whether the proposed PGPTF would be self-sustaining.

Thank you for your consideration of our comments.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 1308, Relating to Sports Wagering.

**BEFORE THE:**

House Committee on Economic Development & Technology

**DATE:** Friday, January 31, 2025

**TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 423

Chair Ilagan, Vice-Chair Hussey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1308 for your consideration.

H.B. 1308 establishes a regulatory framework for sports wagering, along with licensing requirements for sports wagering operators and sports wagering suppliers.

Section 1 of the bill, beginning on page 23, line 20 imposes the general excise tax (GET) proposed under section 237-13(9), Hawaii Revised Statutes (HRS), on persons holding a license to engage in sports wagering as a sports wagering operator. This tax is imposed in lieu of all other taxes on the operation or proceeds of sports wagering in the state. An unspecified percent of these taxes collected are to be deposited into the "Problem Gambling Prevention and Treatment Special Fund" established under § 12 of the bill.

Section 2 of the bill amends section 237-13, HRS, to adopt the proposed subsection (9) imposing a tax on license sports wagering at a rate of 10 percent of the adjusted gross sports wagering receipts (AGSWR). AGSWR is defined in Section 1 of the bill (page 2, lines 8-12) as "gross sports wagering receipts less the total of all sums

actually paid out as winnings to patrons, including the monetary value of any merchandise or thing of value awarded as a prize and subject to federal income tax.”

Section 3 of the bill amends the definition of “gambling” in section 712-1220, HRS, to exempt sports wagering authorized under the proposed HRS chapter in section 1 of the bill. This removes these activities from constituting gambling offenses under HRS 712, Part III.

This measure has an effective date of July 1, 2025.

DOTAX notes that the provision on page 24, lines 9 to 11 and lines 17 to 19, which allocates a percentage of GET revenue from the sports wagering operator into the problem gambling prevention and treatment special fund, would require a fundamental change in the way that DOTAX accounts for and reports on GET revenues. This bill would create administrative difficulties, as DOTAX will need to reconcile the amounts reported from adjusted gross sports wagering receipts with the amounts collected. Discrepancies will arise because the amount of tax collected often does not match the amount of tax reported for various reasons, including errors in payment or reporting or intentional underpayment. Additionally, many taxpayers report multiple categories of business activities on a single GET return. DOTAX therefore requests that the allocation of revenue to the special fund be replaced with an appropriation of a set dollar amount.

Additionally, DOTAX recommends that the new section 237-13(9), HRS, on page 43, lines 8 to 16, be amended to clarify whether the 10 percent rate will be imposed on any amounts received by sports wagering suppliers. Although section 237-13(9), HRS, states that the 10 percent tax is imposed on a “licensed sports wagering operator or sports wagering supplier,” section 237-13(9) appears to limit the 10 percent rate to “adjusted gross sports wagering receipts.” A sports wagering supplier, however, would not be authorized to accept wagers (see page 3, lines 14 to 17), and would therefore not have adjusted gross sports wagering receipts.

DOTAX also requests the effective date be amended to January 1, 2027 for the adoption of administrative rules, forms, and instruction necessary for the implementation of the new proposed tax. This amendment would also enable DOTAX to work with prospective sports wagering operators on ensuring compliance with the tax aspects of this measure.

Thank you for the opportunity to provide comments on this measure.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**  
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKA'I

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
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Statement of  
**JAMES KUNANE TOKIOKA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**House Committee on Economic Development and Technology**

Friday, January 31, 2025  
10:00 AM  
State Capitol, Conference Room 423

In consideration of  
**HB1308**  
**RELATING TO SPORTS WAGERING.**

Chair Ilagan, Vice Chair Hussey and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent and offers **comments** on HB1308, which allows for the regulation of sports wagering by DBEDT and establishes licensing requirements for sports wagering operators and sports wagering suppliers.

Most of the states with online sports wagering operations on the U.S. mainland have an independent agency due to the legal and law enforcement requirements and expertise. DBEDT may not be the best to be the regulatory agency for this operation.

The following items may need clarification:

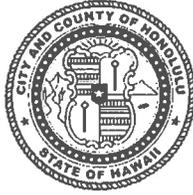
- The resource allocation including funding sources and organization structure.
- The usage of tax proceeds.
- The 180-day requirement, after the bill becomes law, to qualify a minimum of 4 operators seems too short.
- If there are less than 4 applications or less than 4 qualify, the minimum of 4 operators approval requirement might be unreasonable.

- The sports wagering system testing and certification requirement could exclude existing Hawaii firms since there has been no operation in the state.

Thank you for the opportunity to testify.

HONOLULU POLICE DEPARTMENT  
KA 'OIHANA MĀKA'I O HONOLULU  
**CITY AND COUNTY OF HONOLULU**

801 SOUTH BERETANIA STREET • HONOLULU, HAWAII 96813  
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MAYOR  
MEIA

ARTHUR J. LOGAN  
CHIEF  
KAHU MĀKA'I

KEITH K. HORIKAWA  
RADE K. VANIC  
DEPUTY CHIEFS  
HOPE LUNA NUI MĀKA'I

OUR REFERENCE ML-HR

January 31, 2025

The Honorable Greggor Ilagan, Chair  
and Members  
Committee on Economic Development  
and Technology  
House of Representatives  
415 South Beretania Street, Room 423  
Honolulu, Hawaii 96813

Dear Chair Ilagan and Members:

SUBJECT: House Bill No. 1308, Relating to Sports Wagering

I am Jerome Pacarro, Captain of the Narcotics/Vice Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD opposes House Bill No. 1308, Relating to Sports Wagering.

The HPD opposes legislation that aims to legalize sports wagering by not considering it gambling. Numerous studies have confirmed that gambling, including sports wagering, causes problems such as bankruptcy, theft, embezzlement, suicide, child abuse and neglect, divorce, incarceration, and homelessness. Studies have also demonstrated that gambling schemes are essentially regressive taxes on low-income people, those who can least afford to participate. The financial burden associated with these problems will far outweigh any benefit realized in the name of community betterment.

The HPD urges you to oppose House Bill No. 1308, Relating to Sports Wagering.

Thank you for the opportunity to testify.

APPROVED:

Sincerely,

  
Arthur J. Logan  
Chief of Police

  
Jerome Pacarro, Captain  
Narcotics/Vice Division



Representative Greggor Ilagan, Chair  
Representative Ikaika Hussey, Vice Chair  
House Committee on Economic Development and Technology  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Friday, January 31, 2025 – 10:00 a.m.  
Conference Room 423 & Videoconference

**RE: HB 1308 – Relating to Sports Wagering – Testimony in Opposition**

Aloha Chair Ilagan, Vice Chair Hussey and Members of the Committee:

Boyd Gaming appreciates the opportunity to provide written testimony in opposition to HB 1308, which would allow for the regulation of online sports wagering by the Department of Business, Economic Development, and Tourism (DBEDT).

Founded in 1975, Boyd Gaming is now a nationwide gaming company operating 28 casinos in 11 states, and has a presence in 19 distinct markets including our online presence in online gaming and sports wagering. Our perspective that we are sharing with you today has been shaped by 50 years of experience in the gaming industry, operating in all facets of gaming including brick-and-mortar casinos, sports wagering, online real money and social gaming, among others.

Our Company has strong ties to Hawai'i, as the state and its residents were a critical component of Boyd's foundational beginnings and continue to be an important part of the Company's success today. Boyd Gaming also owns and operates Vacations Hawaii, which has served over 1.5 million Hawai'i residents with convenient and affordable direct flights to Las Vegas since 1996. Vacations Hawaii is proud to be an established part of Hawai'i's local history, community and economy with employees based in both Hawai'i and in Las Vegas.

While sports wagering is an important component of an overall gaming policy framework, taken alone it is not a significant source of tax revenue and creates few jobs. Many other states in comparable sized markets to Hawai'i that have passed isolated sports wagering legislation have been disappointed in the outcome—tax revenues from online sports wagering are often less than anticipated, and the revenues are usually not sufficient to fund or sustain regulatory and enforcement oversight and a responsible gaming infrastructure, crucial components of any gaming framework.

With no underlying public policy objective, Boyd Gaming believes that HB 1308 is too limited, restrictive and premature. The State would be better suited toward public policy that can serve as a catalyst of economic activity, employment, investment, and tax revenue, tailored to Hawai'i's specific needs and accounting for its unique culture and distinct tourism infrastructure.

Boyd Gaming respectfully requests that the Committee defer this measure because of the reasons stated above. Thank you for the opportunity to testify on this measure.



**Hawaii House of Representatives  
Committee on Economic Development & Technology  
Testimony in Support of HB 1308  
January 31, 2025**

**Dear Chairman Ilagan and Members of the House Committee on Economic Development & Technology:**

My name is Jeremy Limun, Director of Government Affairs, representing BetMGM, a top online sports betting company with active operations in 29 markets across North America. I appreciate this opportunity to provide testimony in support of HB 1308 and would also like to thank Representative Holt and Representative Todd for filing and sponsoring this important piece of legislation.

As this Committee knows, until recently Federal law prohibited legalized sports wagering outside Nevada and a handful of other states. Yet illegal sports wagering has continued to flourish across all mediums – in person, over the Internet, and most recently through sophisticated mobile applications.

While you may be familiar with offshore online gaming operators like Bovada Sports Book that continue to capitalize on existing demand for sports betting and the lack of a legal, regulated alternative, there is also a growing presence of online “social sports books and sweepstakes.” These platforms, many of which are onshore with headquarters in the United States and whose apps are readily available on major online stores for download, take advantage of legal loopholes around sweepstakes and provide customers the ability to wager on sports. While advertised as “social sports books,” these platforms are anything but and run multi-million-dollar marketing campaigns, including through social media and celebrity influencers, that often target teens and young people. This illicit industry in recent years has grown at an astonishing rate, and this year expects to see \$11.4 billion in player purchases and \$4 billion in net revenue.

Yet, despite their rapid proliferation the illegal online sports betting industry, including this latest crop of illegal online sweepstakes, is not subject to any state gross sports betting tax; does not offer any meaningful responsible gambling tools; and does not employ sophisticated know-your-customer (KYC), identity- or age-verification processes – to the contrary, most of these platforms allow prospective customers to simply check a box and self-certify that they are of gambling age.

Hawaii now has a chance to fix this and today’s hearing is an important first step in that direction. If adopted, HB 1308 would create a legal licensing framework for online sports betting subject to state taxation, consumer protection requirements, and regulation. HB 1308 would also create a new stream of revenue that would earmark a percentage of legal online sports betting tax proceeds specifically for problem gambling treatment programs and resources.

BetMGM is committed to providing a cutting-edge sports betting product that protects integrity and gives Hawaii consumers a compelling reason to move from the illegal market to a safe, regulated environment.

The following principles are key to our success.

First, integrity is the bedrock of our business. As a highly regulated company, BetMGM must prove that we are suitable for the privilege of holding a sports betting license in a given jurisdiction, which is dependent not only upon the integrity with which we operate in that market, but in all markets. To put it simply, BetMGM is engaged in a race to the top. This race to the top is evident in every aspect of our business, and we incorporate the following principles into our online sports betting product:

- We know our customer. We create all our technology in-house and in a manner that reflects the regulatory requirements of each jurisdiction in which we operate.
- A customer must create an account before they are permitted to wager on our mobile app. When verifying our customer accounts, we use a sophisticated multi-factor identity verification process that uses a customer's name, Social Security Number, and date of birth to confirm identity and age across different databases and that the customer is who they say they are.
- We constantly monitor our betting transactions for aberrant betting patterns. BetMGM has a team of traders who are watching betting flows and setting lines. When they see something off, they say something and raise internal flags to assess whether an aberrant betting pattern can be explained by an externality or whether it indicates a problem from a responsible gambling or integrity standpoint. We also use third-party data companies that incorporate integrity monitoring into their business model. When we become aware of an integrity issue, we share that information with our regulators.
- We invest in responsible gambling. BetMGM's parent company, MGM Resorts, is an industry leader in responsible gambling in the brick-and-mortar context, and we carry that expertise into the mobile environment. BetMGM continues to develop protocols that encourage responsible gambling on the front-end and use a series of markers to identify when a player may be exhibiting signs of problem gambling. We offer messaging and interaction with players, self-exclusion lists, and wager limits as examples of ways that players may limit their engagement.

Again, thank you very much for this opportunity and I welcome any questions you may have on this important and timely topic.

Regards,

Jeremy Limun  
Director, Government Affairs  
MGM Resorts International



Chair Ilagan, Vice-Chair Hussey, and members of the Committee on Economic Development, thank you for your time today. My name is Rebecca London, Senior Government Affairs Manager for DraftKings, and I am here today to provide testimony on behalf of DraftKings in support of HB 1308, relating to sports betting. We appreciate the opportunity to participate in today's hearing—and additional conversations—to discuss the importance of Hawaii embracing a competitive, fully mobile sports wagering market.

DraftKings Inc. is a digital sports entertainment and gaming company with products that range across daily fantasy, regulated gaming, and digital media. Headquartered in Boston and launched in 2012, DraftKings is the only U.S.-based vertically integrated sports betting operator. DraftKings Sportsbook is live with mobile and/or retail sports betting operations pursuant to regulations in 28 states, Washington, D.C., and in Ontario, Canada. DraftKings is committed to being a responsible steward of this new era in real-money gaming by developing and promoting educational information and tools to help all players enjoy our games responsibly.

DraftKings supports a sports wagering framework in Hawaii that protects consumers, generates revenue for the state, and stamps out the pervasive illegal market.

It is important to recognize that sports wagering is already taking place in Hawaii, with an estimated hundreds of millions in illegal wagers each year.<sup>1</sup> Nearly all the sports wagers in Hawaii are placed online through websites in the robust illegal market, where sophisticated illegal operators capitalize on the popularity of this form of entertainment. Across the country, states are bringing this activity into a legal, regulated market that mandates robust consumer protections. To date, thirty-nine states plus DC and Puerto Rico have legalized sports betting, including the thirty-three of those jurisdictions having authorized mobile sports betting, allowing customers to place bets conveniently and safely from their mobile phones and other devices.

To create an effective legal market, legal operators must be able to compete with pricing from illegal, offshore sportsbooks that do not face the same taxation and regulatory costs. Barriers to market entry, such as high taxes and fees, reduce their ability to offer competitive pricing or effectively market and innovate, all significant factors for consumers when making the decision on where to spend their money.

A marketplace with multiple choices for consumers leads better consumer experience that forces operators to innovate, offering new and exciting products to residents in Hawaii, and to compete with one another to provide consumers the best odds. A market with multiple operators increases the overall economic impact that sports wagering has in the state through license

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<sup>1</sup> *Sizing the Illegal and Unregulated Gaming Markets in the United States*, American Gaming Association, November 2022. Available at [americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf](https://americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf)



fees, advertising, and promotional events. Further, a competitive mobile market provides steady tax revenue.

West Virginia, a state with a similar population to Hawaii, and one of the first states to legalize sports betting, collected more than \$2.8 million in taxes in the first 12 months of legal sports wagering in the state and collected more than \$5 million in 2023, the last full year for which data is available. In our experience, states reach market maturity more quickly than first-mover states did, allowing new jurisdictions to realize tax benefits more quickly.

In a well-regulated market, consumers benefit from a variety of competitive and innovative products, as well as the robust problem gaming resources and consumer protections offered by these regulated companies that are not available in illegal markets.

Regulated operators, like DraftKings and other members of the Sports Betting Alliance, take the issues of underage wagering and problem gaming seriously. At DraftKings, we use “know your customer” technology to ensure underage individuals are not able to create an account, deposit, or wager through our website or application. When verifying a customer’s identification, a check is conducted using the demographic information including first name, last name, physical address, date of birth, social security number, and geolocation of the customer. The verification process is facilitated using multiple vendors and, only upon successful verification, is the customer able to create an account. DraftKings works with leading companies to monitor users’ location through, including, but not limited to, cell phone location data.

Additionally, for the small segment of the population that require additional resources to ensure wagering is for entertainment purposes only, we provide safeguards that allow customers to set their own deposit and play limits and to self-exclude from participation should they choose. A user has access to their transaction history available to them in their account information. The account history provides detailed information regarding all bets placed, all winnings and losses, and summary of their play over the last month, three months, year, and lifetime.

DraftKings appreciates the inclusion in HB1308 of problem gaming resources, including funding for access to resources for those that need it.

As the committee considers this bill, we respectfully suggest two amendments that align the bill with industry standard language:

- On Page 1, Lines 8-12, we request that part of the definition of “Adjusted gross sports wagering receipts” be amended as follows:
  - “Adjusted gross sports wagering receipts” means gross sports wagering receipts less the total of all sums actually paid out as winnings to patrons, including the monetary value of any merchandise or thing of value awarded as a prize, and ~~subject to federal income~~ **excise** tax.”



- The inclusion of “federal excise tax” is a necessary component to the calculation of adjusted gross sports wagering receipts. There is a specific federal excise tax imposed on sports wagering receipts and this language prevents double taxation of an operator’s receipts.
  
- One Page 44, Line 19, we request that “taking” be changed to “staking.” This is a technical term used in connection with gaming.

Thank you very much for your time today, and I would be happy to answer any questions you may have.

**HB-1308**

Submitted on: 1/29/2025 11:31:02 AM

Testimony for ECD on 1/31/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael EKM Olderr	Individual	Oppose	Written Testimony Only

Comments:

While gambling may bring in money to the state, it will destroy so many lives in the process.  
Please don't support this bill.



# Iron Workers Stabilization Fund

T. George Paris  
Managing Director

January 31, 2025  
10:00 am

House Committee on Economic Development

House Conference rm 423 & Videoconference.

Re: Support for HB1308-Gambling:Sports Wagering: Fantasy Sports: DBEDT

Aloha Chair, Illagan, Vice-Chair Hussey and members of House Committee on Economic Development

The Ironworkers Stabilization Fund strongly supports the legalization of sports wagering in the State of Hawaii.

In the 2024 survey by Asset Limited Income Constrained, Employed (ALICE) reported an alarming 180,000 residents are currently considering relocating elsewhere for financial relief. This significant exodus has detrimentally impacted our workforce and significantly impacted all Labor Unions.

We believe the legalization of sports wagering would diversify our economy, contributing to long-term economic stability through the generation of new tax revenue. This new income stream could enable the state to address the rising cost of living, fund critical services such as education, healthcare, and infrastructure, and create new job opportunities. It is imperative that we explore innovative solutions to retain our local residents, preserving our cultural identity, as many native Hawaiians and locals have relocated or are seriously considering relocation. Some may argue sports wagering will change the culture but the culture is already changing with so many locals moving out of state. Furthermore, Illegal gambling has infiltrated our communities, so now is the time to take some control of the pervasive problem

We urge this committee to give strong consideration to this bill to **keep local families homes**

Sincerely,

T. George Paris  
Managing Director



**Hawaii House of Representatives  
Committee on Economic Development & Technology**

**Testimony in Support of HB 1308**

**January 31, 2025**

Chairman Ilagan and members of the House Committee on Economic Development & Technology, thank you for the opportunity to provide testimony in support of HB 1308.

My name is Kathleen (Kate) Owen, and I am an attorney with the law firm Orrick, Herrington & Sutcliffe. I represent the Sports Betting Alliance (“SBA”), and I am submitting this testimony on their behalf. The SBA is a trade organization comprised of many of the top sports betting operators in the country—BetMGM, DraftKings, Fanatics, and FanDuel. Taken together, our membership is active in nearly all of the 32 U.S. jurisdictions<sup>1</sup> with legal online sports betting.

Nearly four-fifths of the states now offer some form of sports betting, which is a remarkable development since sports betting was restricted to only a handful of states prior to 2018. However, the rapid adoption of sports betting by state legislatures since the Supreme Court struck down that restriction comes as no surprise. Allow me to highlight three reasons why.

First, there is a robust illegal sports betting market that thrives in the absence of a legal, regulated framework. The American Gaming Association estimated in 2022 that Americans wager \$63.8 billion dollars each year in the illegal sports betting market<sup>2</sup>—which works out to nearly \$300 million wagered in Hawaii alone. This money is being wagered with offshore websites and illegal bookies with no oversight, consumer protections, or revenue generated for the state. The illegal and unregulated market continues to grow around the country in states without a legal alternative, and Hawaii is no exception.

Second, sports wagering is offered safely and responsibly by reputable operators in jurisdictions where it is legal. These operators implement robust measures with regard to identify verification,

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<sup>1</sup> Thirty states plus the District of Columbia and Puerto Rico.

<sup>2</sup> *Sizing the Illegal and Unregulated Gaming Markets in the United States*, American Gaming Association, November 2022. Available at [americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf](https://americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf)

consumer protection, responsible gaming, and game integrity that are not present in the illegal market.

Third and finally, states stand to generate significant revenue by putting a regulatory framework in place around this activity. By channeling this activity into the legal market and building a robust and responsible market for sports betting, Hawaii stands to gain millions per year in additional tax revenue.

A regulated, competitive mobile sports betting market would replace the predatory, illegal platforms already operating in Hawaii and generate new revenue for the state through a policy that has the support of constituents. According to a 2022 poll conducted by Anthology Research, 73% of Hawaii residents support legalizing and regulating online sports wagering in Hawaii for adults 21 years of age or older to generate annual tax revenue.<sup>3</sup>

The SBA respectfully requests two small technical amendments to language that was included in the bill during drafting:

- On Page 1, Lines 8-12, we request that part of the definition of “Adjusted gross sports wagering receipts” be amended as follows:
  - “Adjusted gross sports wagering receipts” means gross sports wagering receipts less the total of all sums actually paid out as winnings to patrons, including the monetary value of any merchandise or thing of value awarded as a prize, and **subject to federal income excise** tax.”
  - The inclusion of “federal excise tax” is a necessary component to the calculation of adjusted gross sports wagering receipts since the federal government imposes a 0.25% excise tax on the amounts wagered on legal sports betting.
- On Page 44, Line 19, we request that “taking” be changed to “staking.” Staking means wagering a sum of money or something else of value gambled on the outcome of a game or event, and is it is frequently used in connection with gaming, whereas the use of “taking” is unclear in this context.

The SBA supports HB 1308 and the framework that it would establish to regulate sports betting in Hawaii. Thank you again for the opportunity to testify.

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<sup>3</sup> Specifically, the Anthology Research survey inquired whether participants support this legalization “to generate annual tax revenue which can be used to improve Hawaii schools and to fund other critical priorities for the islands.”

January 31, 2025

Re: HB 1308 Gambling; Sports Wagering; Fantasy Sports

My name is Dwayne Bautista, I'm in strong support of HB 1308. I believe that the revenue generated from regulated gaming is crucial for Hawaii's future and our ability to address critical needs within our community.

Currently, Hawaii faces significant challenges in funding essential services. The revenue generated by this bill offers a potential solution to address these funding gaps without placing further burden on our local taxpayers. This additional revenue can be strategically allocated to vital areas such as:

- **Education:** Investing in our keiki's future is paramount. Increased funding can support our public schools, improve educational resources, and provide our children with the tools they need to succeed.
- **Affordable Housing:** The lack of affordable housing is a crisis in Hawaii, driving many of our residents, including our skilled labor, to seek opportunities on the mainland. Revenue from gaming can be directed towards developing affordable housing projects, keeping families together and strengthening our communities.
- **Healthcare:** Access to quality healthcare is a fundamental right. Increased funding can help improve healthcare services, expand access to care, and ensure that all residents can live healthy lives.
- **Childcare:** Affordable and accessible childcare is essential for working families. By providing support for childcare programs, we enable parents to participate in the workforce, boosting our economy and providing children with enriching early childhood experiences.

Many of our residents, including skilled trades people like our ironworkers, are being forced to leave Hawaii due to the high cost of living and limited opportunities. They are seeking better job opportunities and affordable housing on the mainland. This exodus weakens our communities and deprives Hawaii of valuable talent. Furthermore, a regulated gaming industry will create good-paying jobs within our state, particularly within the construction industry, directly benefiting our labor.

This will provide much-needed economic stimulus and to keep Hawaii residents home where they belong raising their family for future generations.

We believe that HB 1308 offers a responsible and viable solution to address our state's critical needs. We urge you to support this bill and invest in the future of Hawaii. Thank you.

Sincerely

A handwritten signature in black ink, appearing to read 'Dwayne Bautista', with a long horizontal flourish extending to the right.

Dwayne Bautista