



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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
Senate Committee on Economic Development and Tourism

Tuesday, February 4, 2025
1:00 PM
State Capitol, Conference Room 229

In consideration of
SB1569
RELATING TO SPORTS WAGERING.

Chair DeCoite, Vice Chair Wakai and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers **comments** on SB1569, which allows for the regulation of sports wagering by DBEDT and establishes licensing requirements for sports wagering operators and sports wagering suppliers.

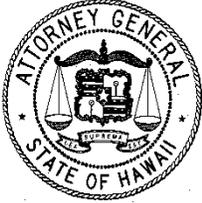
The main purposes of legalizing sports wagering are: (1) regulating the operation; and (2) increasing state revenue. None of the 39 states plus Washington D.C. in the nation with legalized sports wagering use an economic development agency to regulate and manage sports wagering operations. DBEDT may not be the best to be the regulatory agency for this operation in our state.

Also, for the feasibility of operations, 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.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

S.B. NO. 1569, RELATING TO SPORTS WAGERING.

BEFORE THE:

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

DATE: Tuesday, February 4, 2025 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Deputy Attorney General David L. Williams

Chair DeCoite and Members of the Committee:

The Department of the Attorney General (Department) opposes this bill.

This bill legalizes and regulates sports wagering by adding a new chapter to the Hawaii Revised Statutes (HRS), that allows for the regulation of sports wagering by the Department of Business, Economic Development, and Tourism. It establishes licensing requirements for sports wagering operators and sports wagering suppliers. It excludes sports wagering and fantasy sports from current gambling laws by providing that sports wagering shall not be considered games of chance or gambling. It levies a ten percent tax on the adjusted gross sports wagering receipts.

The Department of the Attorney General (Department) opposes this bill because it may lead to the well-studied public health and safety issues that come with legalized gambling. This bill allows for licensed and regulated sports wagering gambling operations, but provides only limited regulation and minimal punishment for those who engage in unlicensed sports wagering activity. The only prohibition is for conducting unlicensed sports wagering by operators and suppliers who are required to have licenses. Anyone else could participate in unlicensed sports wagering activity without consequences. The bill also allows for completely unregulated and unlicensed gambling in the fantasy sports context.

Studies have shown that legalized gambling results in adverse societal impacts, high costs to address those adverse impacts, and increases crime. For example, one

article cites studies showing that states that have legalized sports gambling have seen adverse financial and familial effects due to sports gambling, including an increase in domestic violence and an increase in household bankruptcy by twenty-five to thirty percent, especially in families from the most vulnerable economic households.¹ Another article cites studies that show that participation in sports gambling resulted not only in increased bankruptcy, but a decrease in credit scores and lower access to credit based on increased credit card debt in the more financially constrained households.²

Currently, Hawaii's gambling laws include a substantial exception for "social gambling" (under section 712-1231, Hawaii Revised Statutes (HRS)), which allows, for example, a typical "poker night" or Super Bowl "betting pool" at the home of a friend or family member. If conducted in this manner, "sports wagering" can already be enjoyed legally by Hawaii residents, and the Department has no concerns about such activity. Once gambling starts to involve large-scale operations, business corporations, or other money-making enterprises, however, the Department is extremely concerned about the known risks and societal costs associated with legalized gambling. Hawaii's laws currently list "gambling" within the definitions of "organized crime" and "racketeering," for good reason. Additionally, the Department believes that legalizing sports wagering and fantasy sports gambling will open the door to other forms of gambling.

If the Legislature decides to advance this bill, despite the Department's opposition, we recommend that it consider the following comments and concerns about specific provisions in this bill.

The penalty provisions in this bill are crafted in an unusual manner that may cause confusion. The new section -14, in the new chapter added by section 1 of the bill, at page 26, lines 1-12, includes three increasing penalty levels of imprisonment under subsections (a), (b), and (c) for unlicensed sports wagering. Subsection (a) proposes a term of imprisonment "of no more than ninety days", subsection (b) a term

¹ Lehman, Charles Fain, "Legalizing Sports Gambling Was a Huge Mistake." Available online at: <https://www.theatlantic.com/ideas/archive/2024/09/legal-sports-gambling-was-mistake/679925/>.

² Wile, Rob, "Sports Gambling Takes a Toll on Americans' Checkbooks, Research Shows." Available online at: <https://www.nbcnews.com/business/consumer/online-sports-gambling-bankrupting-households-reducing-savings-rcna167235>.

of imprisonment "of no more than six months", and subsection (c) a term of imprisonment of "no less than one year and no more than five years."

Apart from concerns about the low level of punishment proposed, which would have minimal deterrence to unlicensed activity, the Department is concerned that the proposed terms of imprisonment in subsections (a), (b), and (c), do not comport with the authorized terms of imprisonment in the penal code (section 706-663, HRS, establishes thirty days jail for petty misdemeanor offenses and up to one year jail for misdemeanor offenses; section 706-660, HRS, provides for five years prison for class C felony offenses).

To address these concerns, the Department suggests the following amended wording (or similar) to replace section -14:

- § -14 Unlicensed sports wagering; penalties.** (a) It shall be unlawful for any person to conduct sports wagering without a valid license required and issued pursuant to this chapter.
- (b) Any person convicted of violating this section for an offense and who:
- (1) Does not have any prior conviction under this section or under part III of chapter 712, shall be guilty of a misdemeanor; provided that in addition to any other penalties imposed, the person shall be subject to a fine of no less than _____;
 - (2) Has one prior conviction under this section or under part III of chapter 712, shall be guilty of a class C felony; provided that in addition to any other penalties imposed, the person shall be subject to a fine of no less than _____; and
 - (3) Has two or more prior convictions under this section or under part III of chapter 712, shall be guilty of a class B felony; provided that in addition to any other penalties imposed, the person shall be subject to a fine of no less than _____.

Additionally, the Department is concerned that, in section 3, the amended definition of "Gambling" at page 44, line 18, through page 45, line 18, the bill proposes to strike the wording "A person engages in gambling if he *stakes* or risks" and replace that wording with "means *taking* or risking" (Page 44, lines 18-19). If the legislature intended for the replacement wording to be "means *staking* or risking" then that should be amended as well.

The Department is gravely concerned about the harmful impacts that legalization of gambling will have on our community and respectfully requests that this bill be held. Thank you for the opportunity to testify.

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:

S.B. No. 1569, Relating to Sports Wagering.

BEFORE THE:

Senate Committee on Economic Development and Tourism

DATE: Tuesday, February 4, 2025

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 229

Chair DeCoite, Vice-Chair Wakai, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 1569 for your consideration.

S.B. 1569 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 new chapter created by this 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.

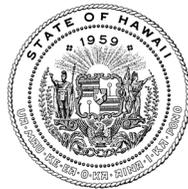
This measure has an effective date of July 1, 2025.

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.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

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

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

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 SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
ON
SENATE BILL NO. 1569

February 4, 2025
1:00 p.m.
Room 229 and Videoconference

RELATING TO SPORTS WAGERING

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

Senate Bill (S.B.) No. 1569 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 S.B. No. 1569, it is difficult to determine whether the proposed PGPTF would be self-sustaining.

Thank you for your consideration of our comments.

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: Senate Committee on Economic Development and Tourism

From: Carlotta Amerino, Director

Date: February 4, 2025, 1:00 p.m.
State Capitol, Conference Room 229

Re: Testimony on S.B. No. 1569
Relating to Sports Wagering

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.

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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LATE

RICK BLANGIARDI
MAYOR
MEIA



ARTHUR J. LOGAN
CHIEF
KAHU MĀKA'I

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

OUR REFERENCE JP-HR

February 4, 2025

The Honorable Lynn DeCoite, Chair
and Members
Committee on Economic Development and
Tourism
State Senate
415 South Beretania Street, Room 229
Honolulu, Hawai'i 96813

Dear Chair DeCoite and Members:

SUBJECT: Senate Bill No. 1569, 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 Senate Bill No. 1569, 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



Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair
Senate Committee on Economic Development and Tourism
Hawaii State Capitol
Honolulu, Hawaii 96813

Tuesday, February 4, 2025 – 1:00 p.m.
Conference Room 229 & Videoconference

RE: SB 1569 – Relating to Sports Wagering – Testimony in Opposition

Aloha Chair DeCoite, Vice Chair Wakai and Members of the Committee:

Boyd Gaming appreciates the opportunity to provide written testimony in opposition to SB 1569, 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 SB 1569 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.



Iron Workers Stabilization Fund

LATE

T. George Paris
Managing Director

February 4, 2025
1:00 pm

Senate Committee on Economic Development and Tourism

CR 229 & Videoconference

Re: Support for SB1569-Gambling: Sports Wagering: Fantasy Sports: DBEDT

Aloha Chair, Decoite, Vice-Chair Wakai and members of Senate Committee on Economic Development and Tourism

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

In the 2021-2022 Hawaii Census data estimated over 67,000 residents moved out of state, and in the past 4 years the data reflects a population loss of 11,000-15,000 per year. 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 impacting struggling working families in Hawai'i.

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 since 1973 since the enactment of act 201. 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

LATE

SB-1569

Submitted on: 2/4/2025 5:42:53 AM

Testimony for EDT on 2/4/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dwayne Bautista	Testifying for Iron Workers Stabilization Fund, Local 625	Support	In Person

Comments:

February 4, 2025

SB 1569 - RELATING TO SPORTS WAGERING

My name is Dwayne Bautista, and I am submitting testimony on behalf of the Hawaii Ironworkers Stabilization Fund, Local 625, under the direction of Managing Director T. George Paris. We **STRONGLY SUPPORT** SB 1569 – RELATING TO SPORTS WAGERING.

Legalizing sports wagering in Hawaii will generate critical new revenue for our state. From 2021 to 2022, over 67,000 Hawaii residents left, while only 56,200 moved in, according to a survey. This alarming outmigration trend represents a significant population loss. Furthermore, a 2020 survey, based on U.S. Census data, revealed the reality that more Native Hawaiians now live on the mainland than in Hawaii. This exodus underscores the severe economic pressures forcing families to leave their island home.

The revenue generated by legalized sports wagering can be directed toward vital areas like education, healthcare, childcare, and affordable housing. These are crucial investments that can help address the root causes of outmigration and improve the quality of life for all Hawaii residents. Hawaii desperately needs new revenue streams to keep families together and provide opportunities for future generations.

Legalized sports wagering will have a positive economic impact on our islands and contribute to a more sustainable future. It offers a vital opportunity to invest in our communities, strengthen our economy, and ensure a future where families can thrive in Hawaii where they belong.

Sincerely

Dwayne Bauista



Chair DeCoite, Vice-Chair Wakai, and members of the Committee on Economic Development and Tourism, 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 SB 1569, 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 26 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.¹ 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, regulated operators must be able to compete with pricing from illegal, unregulated 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 to a 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

¹ *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



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, last four digits of 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.

We also 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 SB1569 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.



**Hawaii Senate
Committee on Economic Development & Tourism
Testimony in Support of SB 1569
February 04, 2025**

Dear Chair DeCoite, Vice Chair Wakai, and Members of the Senate Committee on Economic Development & Tourism:

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. BetMGM appreciates the opportunity to provide testimony in support of SB 1569 and would also like to thank Chair DeCoite, Vice Chair Wakai and Senator Kim for introducing 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, SB 1569 would create a legal licensing framework for online sports betting subject to state taxation, consumer protection requirements, and regulation. SB 1569 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



**Hawaii Senate
Committee on Economic Development & Tourism**

Testimony in Support of SB 1569

February 4, 2025

Chair DeCoite and members of the Senate Committee on Economic Development & Tourism, thank you for the opportunity to provide testimony in support of SB 1569.

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. jurisdictions¹ 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 market²—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,

¹ Thirty states plus the District of Columbia and Puerto Rico.

² *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

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.³

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.
- One 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 SB 1569 and the framework that it would establish to regulate sports betting in Hawaii. Thank you again for the opportunity to testify.

³ 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.”



LATE

February 4, 2025

Senate Committee Economic Development & Tourism
State Capitol, Room 229
415 South Beretania Street
Honolulu, HI 96813

RE: SB 1569 Relating to Sports Wagering

Aloha Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

My name is Gino Soquena, Executive Director of the Hawaii Building & Construction Trades Council (HBCTC) which is comprised of 18 construction trade unions here in the State of Hawaii. Thank you for the opportunity to offer written testimony in **SUPPORT** of SB1569 which allows for the regulation of sports wagering by the Department of Business, Economic Development, and Tourism.

Though I usually testify on construction and labor issues, I am submitting testimony in **SUPPORT** of SB1569 because the Hawaii Building & Construction Trades Council is committed to finding solutions that would keep Hawaii residents and the members of our affiliated unions from moving out of the State due to Hawaii's high cost of living. Any fees or taxes collected from SB1569 would generate revenue for the State. Our residents travel out of State to gamble already and other States are benefiting from it. We should come up with solutions that would keep that money here in Hawaii rather than going to other States. For these reasons, we respectfully request that you consider passing SB1569.

Mahalo Nui Loa,

Gino Soquena, Executive Director
Hawaii Building & Construction Trades Council
(808) 393-1807
gino@hbctc.org

SB-1569

Submitted on: 2/1/2025 8:01:44 AM

Testimony for EDT on 2/4/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Steve Robertson	Individual	Oppose	Written Testimony Only

Comments:

No.

just no. More gambling leads to more crime and despair

SB-1569

Submitted on: 2/3/2025 10:42:19 AM

Testimony for EDT on 2/4/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cori C Weston	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair De Coite and Vice Chair Wakai:

This testimony is in opposition to SB1569. The approval of online gaming will 1) not provide jobs, 2) will not provide sufficient revenue to offset the social impacts that will need to be addressed and 3) will require more infrastructure to monitor with insufficient revenue that will come from on line gaming.

Cori Weston

CEO and Founder CCW Associates LLC



**OPERATIVE PLASTERERS' AND CEMENT MASONS'
INTERNATIONAL ASSOCIATION LOCAL #630, AFL-CIO**

2251 North School Street • Honolulu, HI 96819
Phone No.: (808) 841-0491 • Fax No.: (808) 847-4782



TO: HAWAII STATE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND
TOURISM

SUBJECT: TESTIMONY IN SUPPORT OF SB1569 RELATING TO SPORTS
WAGERING.

Hearing

DATE: Tuesday, February 4, 2024
TIME: 1:00pm

LATE

Aloha Honorable Chair Decoite, Vice Chair Wakai, and Committee Members,

The Operative Plasterers' and Cement Masons' International Association Local 630 (OPCMIA Local 630) is a trade union of over 900 plasterers and cement masons. Plasterer members of the union finish interior walls and ceilings of buildings and apply plaster on masonry, metal, and wire lath or gypsum. While cement mason members are responsible for all concrete construction, including the pouring and finishing of slabs, steps, wall tops, curbs and gutters, sidewalks, and paving. Local 630 is proud to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

Financial Secretary-Treasurer & Business Manager of OPCMIA Local 630, Peter T. Iriarte, and the members of OPCMIA Local 630 stand in strong support of SB1569 which allows for the regulation of sports wagering by the Hawaii State Department of Business, Economic Development and Tourism.

We strongly believe that this bill will both allow for a safe market for sports bettors and for the generation of much need funds into the state coffers. Funds which could be used to enhance our social safety net for those most in need and for capitol improvement project spending to strengthen our local construction industry.

Thank you for the opportunity to submit testimony in support of SB 1569.

LATE

SB-1569

Submitted on: 2/4/2025 11:40:13 AM

Testimony for EDT on 2/4/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mel Kahele	Individual	Support	In Person

Comments:

I'm in support of SB1569.

LATE

Name: Cody Sulla
Organization: Iron Workers Stabilization Fund
Position: Support
Testimony: no document submitted

LATE

S.B - 1569

Bill Labor - Iron workers stabilization fund 2/2/25

We all support S.B - 1569
Hawaii Building & Construction Trades Council - AFL - CIO

Total of 17 Unions with a membership of 34,500 members.

MEMBERS / UNION'S	LOCAL'S	TOTAL MEMBERS
1). Electrical	1186	3,200
2). Elevator	126	275
3). Plaster & Cement Mason	630	901
4). Insulators	132	550
5). Bricklayers	1	1040
6). Plumbers	675	2300
7). Sheet Metal	293	800
8). Hawaii Teamsters	996	7000
9). IBEW	1260	5000
10). Boilermakers	627	400
11). Ironworkers	625	7000
12). Painters	1791	1000
13). Glaziers	1889	400
14). Floor Layers	1926	25

MEMBERS / UNION'S	LOCAL'S	TOTAL MEMBER'S
15). Drywall Tapers	1944	500
16). Roofers	221	300
17). Operating Engineers	3	3800
	Total	34,500

With membership of 34,500. Giving each member with a family of about four to include a wife and two kids, which gives us a total of four people per member's family. Multiplied by 34,500 gives us a total of 138,000 Hawaii residents that support this bill.