

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

December 21-22, 2020

To: Chairman and Members, Hawaiian Homes Commission
From: Lehua Kinilau-Cano, HHL Legislative Analyst *Lehua Kinilau-Cano*
Subject: Approval of Legislative Proposal to Authorize Limited
Casino Gaming in the Form of a Single Integrated
Resort Property in Kapolei, Island of O'ahu, on
Hawaiian Home Lands Designated for Commercial Use

RECOMMENDED ACTION:

That the Hawaiian Homes Commission approve the legislative proposal to authorize limited casino gaming in the form of a single integrated resort property in Kapolei, Island of O'ahu, on Hawaiian Home Lands designated for commercial use.

DISCUSSION

The Department of Hawaiian Home Lands has prepared a draft legislative proposal to be recommended for inclusion in the next Administration's legislative package. The draft legislative proposal, upon submission, will be under review by the Department of the Attorney General, the Department of Budget & Finance, and the Governor. The proposal is pending final approval and no proposal is considered part of the package until final approval is granted. In this phase of the review process, the department may amend or withdraw the measure.

PROPOSAL SUMMARY

Proposal HHL-16(21)
RELATING TO GAMING.

This proposal authorizes limited casino gaming in the form of a single integrated resort property in Kapolei on Hawaiian Home Lands designated for commercial use in order to address historic funding shortfalls to the Department made worse by the economic shutdown from the global pandemic. The limited authorization of casino gaming would address the dire financial state of the Department by ensuring that the Department is the primary beneficiary of the gaming operation through a lease

agreement with the licensee and through direct collection of state tax payments on gross gaming revenue.

The proposal establishes the Hawaii Gaming Commission and details the gaming license application, fee, and criteria for award of the gaming license and additional requirements. The proposal also imposes a wagering tax on gross gaming revenue, creates the State gaming fund, and appropriates funds.

RECOMMENDED ACTION/MOTION:

Staff respectfully requests approval of the motion as recommended.

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A BILL FOR AN ACT

RELATING TO GAMING.

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

1 SECTION 1. The legislature finds that article XII, section
2 2 of the state constitution states in part that "The State and
3 its people do further agree and declare that the spirit of the
4 Hawaiian Homes Commission Act looking to the continuance of the
5 Hawaiian homes projects for the further rehabilitation of the
6 Hawaiian race shall be faithfully carried out."

7 Over twenty-eight thousand native Hawaiians are awaiting
8 homestead leases while the department of Hawaiian home lands
9 struggles to develop land and lots. Current costs for
10 infrastructure development, borne by the department, are in
11 excess of \$150,000 per lot. In order to fulfill the needs of
12 the current waitlist, the department requires over six billion
13 dollars for infrastructure costs alone to serve its
14 beneficiaries. This significant sum is separate and apart from
15 costs for maintenance of existing lessee communities housing
16 nearly ten thousand beneficiaries, upkeep of several utility
17 systems, and other costs. Over the last decade, the legislature
18 has funded the department at levels higher than in years past,

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1 which has provided increased opportunity for the department of
2 Hawaiian home lands to increase its reach. However, by
3 conservative estimates, it will take the department at least
4 another hundred years to meet the needs of its beneficiaries at
5 current funding levels.

6 In the face of an unprecedented and historic budget
7 shortfall as a result of the ongoing COVID-19 pandemic, the
8 department of Hawaiian home lands must seek alternative means of
9 revenue. One alternative is the development of an integrated
10 resort that includes limited casino gaming in Kapolei on
11 Hawaiian home lands designated for commercial use in order to
12 address the staggering budget shortfall sometime this century
13 through increased revenue for both beneficiaries and the
14 department of Hawaiian home lands.

15 The downstream economic and social benefits of integrated
16 resort development have been demonstrated globally in diverse
17 locations such as Macau, Singapore, the Bahamas as well as
18 across many states in the United States. In addition to
19 enhancing existing tourism and infrastructure, the integrated
20 resort that includes limited casino gaming increases state
21 revenue from a new wagering tax along with traditional sources
22 like the general excise tax and the transient accommodation tax.

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1 Evidence from over two hundred individual gaming facilities on
2 federal trust lands in twenty-nine states demonstrates
3 significant economic activity through expenditures by casinos
4 and their suppliers; job creation at the integrated resort and
5 new businesses stimulated by increases in tourism, in State
6 government, in education, and at suppliers to the integrated
7 resort; wages paid to employees of the integrated resort and all
8 impacted businesses; taxes on all taxable economic activity; and
9 direct gaming-related payments to the State and local
10 governments.

11 As a global tourism destination, Hawaii would realize
12 similar economic and social benefits through operation and
13 licensing of a single integrated resort that includes limited
14 casino gaming in Kapolei on Hawaiian home lands designated for
15 commercial use. For example, 2015 estimates for travel spending
16 for the state of Hawaii were \$21.7 billion dollars. By
17 comparison, 2015 estimates for travel spending for the state of
18 North Carolina were \$22.8 billion dollars. In 2014, North
19 Carolina, a state with only two tribally-operated gaming
20 facilities realized: \$1.33 billion dollars in sales tied to
21 gaming; 11,730 jobs directly related to gaming; \$530 million in
22 salaries, wages, bonuses, tips and benefits from those jobs; and

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1 \$205 million in tax revenue and direct payments from tribal
2 governments to federal, state, and local government. Impacts
3 from integrated resort development, particularly on tribal
4 lands, depend on several factors and market conditions.
5 However, the opportunity and potential for increased revenue to
6 the department of Hawaiian home lands and the state will
7 directly address the unprecedented economic shock that threatens
8 to gut legislative funding for the foreseeable future.

9 The purpose of this Act is to authorize limited casino
10 gaming in the form of a single integrated resort property in
11 Kapolei on Hawaiian home lands designated for commercial use in
12 order to address historic funding shortfalls to the department
13 of Hawaiian home lands made worse by the economic shutdown from
14 the global pandemic. The limited authorization of casino gaming
15 would address the dire financial state of the department of
16 Hawaiian home lands by ensuring that the department is the
17 primary beneficiary of the gaming operation through a lease
18 agreement with the licensee and through direct collection of
19 eighty percent of the state tax payments on gross gaming
20 revenue.

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

"CHAPTER

CASINO GAMING

§ -1 Limited casino gaming authorized. Casino gaming and a system of wagering incorporated therein, as defined in this chapter, are authorized only to the extent that casino gaming and wagering are conducted in accordance with this chapter. In case of any conflict between this chapter and any other law regarding casino gaming, this chapter shall prevail. This chapter and the rules adopted by the commission shall apply to all persons who are licensed or otherwise participate in gaming as permitted under this chapter.

§ -2 Definitions. As used in this chapter, unless the context clearly requires otherwise:

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

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1 "Applicant" means any person who applies for a license
2 under this chapter.

3 "Casino gaming" or "limited casino gaming", as the context
4 may require, means the operation of games conducted pursuant to
5 this chapter as part of an integrated resort with a gaming
6 license authorized by the commission.

7 "Chairperson" means the chairperson of the Hawaii gaming
8 commission.

9 "Commission" means the Hawaii gaming commission.

10 "Conflict of interest" means a situation in which the
11 private interest of a member, employee, or agent of the
12 commission may influence the judgment of the member, employee,
13 or agent in the performance of the member's, employee's, or
14 agent's public duty under this chapter. A conflict of interest
15 includes but is not limited to the following:

16 (1) Any conduct that would lead a reasonable person,
17 knowing all of the circumstances, to conclude that the
18 member, employee, or agent of the commission is biased
19 against or in favor of an applicant;

20 (2) Acceptance of any form of compensation other than from
21 the commission for any services rendered as part of

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1 the official duties of the member, employee, or agent
2 for the commission; or

3 (3) Participation in any business being transacted with or
4 before the commission in which the member, employee,
5 or agent of the commission or the member's,
6 employee's, or agent's parent, spouse, or child has a
7 financial interest.

8 "Department" means the department of Hawaiian home lands.

9 "Executive director" means the executive director of the
10 commission.

11 "Financial interest" or "financially interested" means any
12 interest in investments, awarding of contracts, grants, loans,
13 purchases, leases, sales, or similar matters under consideration
14 or consummated by the commission or holding a one per cent or
15 more ownership interest in an applicant or a licensee. For
16 purposes of this definition, a member, employee, or agent of the
17 commission shall be considered to have a financial interest in a
18 matter under consideration if any of the following circumstances
19 exist:

20 (1) The individual owns one per cent or more of any class
21 of outstanding securities that are issued by a party

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1 to the matter under consideration or consummated by
2 the commission; or

3 (2) The individual is employed by or is an independent
4 contractor for a party to the matter under
5 consideration by the commission.

6 "Gambling" means the playing of a game by a patron of a
7 gaming establishment.

8 "Game" means a banking or percentage game played with
9 cards, dice, tiles, dominoes or an electronic, electrical or
10 mechanical device or machine played for money, property, checks
11 or any other representative of value which has been approved by
12 the commission.

13 "Gaming" means dealing, operating, carrying on, conducting,
14 maintaining or exposing any game for pay.

15 "Gaming device" or "gaming equipment" means an electronic,
16 electrical or mechanical machine used in connection with gaming
17 or a game.

18 "Gaming license" means a license issued by the commission
19 that permits the licensee to operate casino gaming.

20 "Gaming licensee" means a person or entity who holds a
21 gaming license from the Hawaii gaming commission.

22 "Gross gaming revenue" means the total of:

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1 (1) Cash received or retained as winnings by a licensee;
2 and

3 (2) Compensation received for conducting any game in which
4 a licensee is not party to a wager.

5 "Individual" means a natural person.

6 "Integrated resort" means a destination resort property
7 that offers a wide variety of leisure and entertainment products
8 besides casino gaming, ranging from restaurants, convention
9 services, golf or other outdoor activities, pools and spas,
10 retail, aquariums, theme parks, movie and live theaters, museums
11 and sporting events.

12 "Managerial employee" means a person who holds a policy
13 making position with the commission or any licensee under this
14 chapter.

15 "Occupational license" means a license issued by the
16 commission to a person or entity to perform an occupation
17 relating to casino gaming in the State that the commission has
18 identified as an occupation that requires a license.

19 "Person" means an individual, association, partnership,
20 estate, trust, corporation, limited liability company, or other
21 legal entity.

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1 "Supplier" means a person that the commission has
2 identified under rules adopted by the commission as requiring a
3 license to provide goods or services regarding the realty,
4 construction, maintenance, or business of a proposed or existing
5 integrated resort on a regular or continuing basis, including
6 security businesses, manufacturers, distributors, persons who
7 service gaming devices or equipment, garbage haulers,
8 maintenance companies, food purveyors, and construction
9 companies.

10 "Supplier's license" means a license that authorizes a
11 supplier to furnish any equipment, devices, supplies, or
12 services to a licensed integrated resort permitted under this
13 chapter.

14 "Wagerer" means a person who plays a gambling game
15 authorized under this chapter.

16 § -3 Hawaii gaming commission. (a) There is established
17 the Hawaii gaming commission, which shall be a body corporate
18 and a public instrumentality of the State for the purpose of
19 implementing this chapter. The commission shall be placed
20 within the department of Hawaiian home lands for administrative
21 purposes only. The department shall not direct or exert
22 authority over the day-to-day operations or functions of the

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1 commission. The commission shall consist of five members to be
2 appointed by the governor with the advice and consent of the
3 senate under section 26-34. At least one of the members shall
4 be native Hawaiian as defined in the Hawaiian Homes Commission
5 Act; one member shall have experience in corporate finance and
6 securities; one member shall have experience in criminal
7 investigations and law enforcement; one member shall have
8 experience in legal and policy issues related to gaming; and one
9 member may have professional experience in gaming regulatory
10 administration or gaming industry management. The governor
11 shall designate a member to be chairperson of the commission.
12 The chairperson shall serve in that capacity throughout the term
13 of appointment and until a successor shall be appointed.
14 Appointments of initial commission members and assignment of the
15 chairperson shall be made within one year of the effective date
16 of this Act.

17 (b) No person shall be appointed as a member of the
18 commission or continue to be a member of the commission if the
19 person:

- 20 (1) Is an elected state official;
- 21 (2) Is licensed by the commission pursuant to this
- 22 chapter, or is an official of, has a financial

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1 interest in, or has a financial relationship with, any
2 gaming operation subject to the jurisdiction of this
3 commission pursuant to this chapter;

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

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

15 (c) The term of office of a commission member shall be
16 four years or until a successor is appointed and shall be
17 eligible for reappointment; provided, however, that no
18 commission member shall serve more than eight years. Vacancies
19 in the commission shall be filled for the unexpired term in like
20 manner as the original appointments; provided that the governor
21 shall have ninety days following the occurrence of a vacancy to
22 appoint a successor member to the commission. A person

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1 appointed to fill a vacancy in the office of a commission member
2 shall serve for only the unexpired term of such commission
3 member. The governor may remove a commission member if the
4 commission member:

5 (1) Is guilty of malfeasance in office;

6 (2) Substantially neglects the duties of a commission
7 member;

8 (3) Is unable to discharge the powers and duties of the
9 commission member's office;

10 (4) Commits gross misconduct; or

11 (5) Is convicted of a felony.

12 (d) Members of the commission shall be a resident of the
13 state of Hawaii and, while serving on the commission, shall not:

14 (1) Hold, or be a candidate for, federal, state or local
15 elected office;

16 (2) Hold an appointed office in a federal, state, or local
17 government; or

18 (3) Serve as an official in a political party.

19 (e) The commission, subject to chapter 92, shall hold at
20 least one meeting in each quarter of the State's fiscal year.

21 The commission shall hold its initial meeting within one year of
22 the effective date of this Act. Special meetings may be called

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1 by the chairperson or any three members upon seventy-two hours
2 written notice to each member. Three members shall constitute a
3 quorum, and a majority vote of the five members present shall be
4 required for any final determination by the commission. The
5 commission shall keep a complete and accurate record of all its
6 meetings.

7 (f) The chairperson of the commission shall serve on a
8 full-time basis. The other four members shall serve on a part-
9 time basis. The chairperson of the commission shall be paid a
10 salary set at eighty-seven per cent of the salary of the
11 chairman of the Hawaiian Homes Commission. The compensation of
12 the part-time members shall be eighty per cent of the hourly
13 wage paid the chairperson. For each hour engaged in the
14 official duties of the commission, each part-time member of the
15 commission shall be paid an hourly wage at the percentage rate
16 specified in this section based on the hourly wage paid the
17 chairperson; provided that compensation shall not exceed eighty
18 per cent of the total regular working hours in a month; provided
19 further that part-time members shall not be entitled to any
20 vacation, sick leave, or other benefits except as provided in
21 this section. All commissioners shall receive their necessary

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1 expenses for travel and incidentals that shall be paid from
2 appropriations provided the commission for such purposes.

3 (g) Before assuming the duties of office, each member of
4 the commission shall take an oath that the member shall
5 faithfully execute the duties of office according to the laws of
6 the State.

7 (h) The commission shall appoint a person to serve as the
8 executive director of the commission and who shall be subject to
9 the commission's supervision. The commission shall appoint an
10 interim executive director within ten days of the commission's
11 initial meeting who shall be exempt from paragraphs (3) and (4)
12 such that the interim executive director may be a current public
13 employee or regulator official from a similar body in another
14 state who temporarily undertakes the role of interim executive
15 director. The executive director shall:

- 16 (1) Hold office at the will of the commission;
17 (2) Be exempt from chapters 76 and 89;
18 (3) Devote full time to the duties of the office;
19 (4) Not hold any other office or employment;
20 (5) Perform any and all duties that the commission
21 assigns; and

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(6) Receive an annual salary at an amount set by the commission, and shall be reimbursed for expenses actually and necessarily incurred in the performance of the executive director's duties.

(i) Except as otherwise provided by law, the executive director may:

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

(2) Appoint committees and consultants necessary for the efficient operation of casino gaming; provided that no person shall be hired or appointed under this subsection who:

(A) Is an elected state official;

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

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- 1 (C) Is related to any person within the second degree
2 of consanguinity or affinity who is licensed by
3 the commission pursuant to this chapter; or
- 4 (D) Has been under indictment, convicted, pled guilty
5 or nolo contendere, or forfeited bail for a
6 felony or misdemeanor concerning gambling or
7 fraud under the laws of this State, any other
8 state, or the United States within the last ten
9 years, or a local ordinance in any state
10 involving gambling or fraud that substantially
11 corresponds to a misdemeanor in that state within
12 the ten years prior to employment.
- 13 (j) The salaries of employees hired pursuant to subsection
14 (i) shall be set by the executive director.
- 15 (k) The commission shall adopt rules in accordance with
16 chapter 91 establishing a code of ethics for its employees that
17 shall include restrictions on which employees are prohibited
18 from participating in or wagering on any casino game or casino
19 gaming operation subject to the jurisdiction of the commission.
20 The code of ethics shall be separate from and in addition to any
21 standards of conduct set forth pursuant to chapter 84.

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1 § -4 Staff. (a) The executive director shall keep
2 records of all proceedings of the commission and shall preserve
3 all records, books, documents, and other papers belonging to the
4 commission or entrusted to its care relating to casino gaming.

5 (b) In addition to persons hired under section -3(i),
6 the commission may employ any personnel that may be necessary to
7 carry out its duties related to casino gaming.

8 § -5 Powers of the commission. (a) The commission
9 shall have all powers necessary to fully and effectively
10 supervise all casino gaming operations, including the power to:

11 (1) Administer, regulate, and enforce the system of casino
12 gaming established by this chapter. The commission's
13 jurisdiction shall extend to every person,
14 association, corporation, partnership, trust, and any
15 other entity with a financial interest in or holding a
16 license under this chapter, or required under this
17 chapter to hold a license in casino gaming operations
18 in the city and county of Honolulu;

19 (2) Issue a twenty-year gaming license to operate an
20 integrated resort pursuant to this chapter;

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- (3) Determine the types and numbers of occupational and supplier's licenses to be permitted under this chapter;
- (4) Adopt standards for the licensing of all persons under this chapter subject to the qualification and standards set forth herein, to issue licenses, and to establish and collect fees for these licenses;
- (5) Provide for the collection of all taxes imposed pursuant to this chapter, and to collect, receive, expend, and account for all revenues, including lease payments, derived from casino gaming;
- (6) Enter at any time without a warrant and without notice to a gaming licensee, the premises, offices, integrated resort, or other places of business of a gaming licensee, or supplier licensee, where evidence of the compliance or noncompliance with this chapter or rules is likely to be found. Entry is authorized to:
- (A) Inspect and examine all premises wherein casino gaming or the business of gaming or the business of a supplier is conducted, or where any records of the activities are prepared;

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(B) Inspect, examine, audit, impound, seize, or assume physical control of, or summarily remove from the premises all books, ledgers, documents, writings, photocopies or correspondence records, videotapes, including electronically or digitally stored records, money receptacles other containers and their contents, equipment in which the records are stored, or other gaming related equipment and supplies on or around the premises, including counting rooms;

(C) Inspect the person, and inspect, examine, and seize personal effects present in an integrated resort licensed under this chapter, of any holder of a licensed integrated resort; and

(D) Investigate and deter alleged violations of this chapter or rules;

(7) Investigate alleged violations of this chapter and to take appropriate disciplinary action against a gaming licensee or a holder of an occupational or supplier license for a violation, or institute appropriate legal action for enforcement, or both;

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1 (8) Be present, through its inspectors and agents, any
2 time gaming operations are conducted in an integrated
3 resort for the purpose of certifying the gaming
4 licensee's revenue, receiving complaints from the
5 public, and conducting other investigations into the
6 conduct of the casino gaming and the maintenance of
7 the equipment as from time to time the commission may
8 deem necessary and proper;

9 (9) Adopt appropriate standards for an integrated resort
10 as well as for electronic or mechanical gaming
11 devices;

12 (10) Require that records including financial or other
13 statements of a gaming licensee under this chapter be
14 kept in the manner prescribed by the commission and
15 that a licensee involved in the ownership or
16 management of casino gaming operations submit to the
17 commission an annual balance sheet and profit and loss
18 statement, a list of the stockholders or other persons
19 having a five per cent or greater beneficial interest
20 in the gaming activities of the licensee, and any
21 other information the commission deems necessary to
22 effectively administer this chapter;

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1 (11) Conduct hearings, issue subpoenas for the attendance
2 of witnesses and subpoenas duces tecum for the
3 production of books, records, and other pertinent
4 documents, and to administer oaths and affirmations to
5 the witnesses, when, in the judgment of the
6 commission, it is necessary to administer or enforce
7 this chapter. The executive director or the executive
8 director's designee may issue subpoenas and administer
9 oaths and affirmations to witnesses;

10 (12) Eject or exclude, or authorize the ejection or
11 exclusion of, any person from an integrated resort
12 where the person is in violation of this chapter or
13 where the person's conduct or reputation is such that
14 the person's presence within the integrated resort, in
15 the opinion of the commission, may call into question
16 the honesty and integrity of the gaming operation or
17 interfere with the orderly conduct thereof or any
18 other action that, in the opinion of the commission,
19 is a detriment or impediment to the gaming operations;
20 provided that the property of that ejection or
21 exclusion shall be subject to subsequent hearing and
22 determination by the commission;

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- 1 (13) Permit a gaming licensee of casino gaming operations
2 to use a wagering system whereby wagerers' money may
3 be converted to tokens, electronic cards, or chips,
4 which shall be used only for wagering within the
5 integrated resort;
- 6 (14) Suspend, revoke, or restrict licenses, to require the
7 removal of a licensee or an employee of a licensee for
8 a violation of this chapter or a commission rule, or
9 for engaging in a fraudulent practice;
- 10 (15) Impose and collect fines against a licensee for each
11 violation of this chapter, any rules adopted by the
12 commission, or for any other action which, in the
13 commission's discretion, is a detriment or impediment
14 to casino gaming operations;
- 15 (16) Establish minimum levels of insurance to be maintained
16 by a licensee;
- 17 (17) Delegate the execution of any of its powers for the
18 purpose of administering and enforcing this chapter;
19 and
- 20 (18) Adopt rules pursuant to chapter 91 to implement this
21 chapter.

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(b) Rules adopted under this chapter shall not be arbitrary, capricious, or contradictory to the provisions of chapter 91. Rules may include but need not be limited to rules that:

(1) Govern, restrict, approve, or regulate the casino gaming authorized in this chapter;

(2) Promote the safety, security, and integrity of casino gaming authorized in this chapter;

(3) License and regulate, consistent with the qualifications and standards set forth in this chapter, persons participating in or involved with casino gaming authorized in this chapter; and

(4) Authorize any other action that may be reasonable or appropriate to enforce this chapter and rules adopted under this chapter.

This section is not intended to limit warrantless inspections except in accordance with constitutional requirements.

§ -6 Member, employee, or agent of commission; conduct generally. (a) By January 31 of each year, each member of the commission shall prepare and file with the commission a disclosure form in which the member shall:

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

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

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

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

(b) By January 31 of each year, the executive director shall prepare and file with the commission a disclosure form in which the employee shall:

(1) Affirm the absence of financial interests prohibited by this chapter;

(2) Disclose any legal or beneficial interest in any real property that is or may be directly or indirectly

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1 involved with gaming or gaming operations authorized.
2 by this chapter;

3 (3) Disclose whether the employee or the employee's
4 spouse, parent, child, or child's spouse is
5 financially interested in or employed by a supplier
6 licensee, or an applicant for a supplier's license,
7 under this chapter; and

8 (4) Disclose any other information that may be required to
9 ensure that the integrity of the commission and its
10 work is maintained.

11 (c) A new or current employee or agent of the commission
12 shall obtain written permission from the executive director
13 before continuing outside employment held at the time the
14 employee begins to work for the commission. Permission shall be
15 denied, or permission previously granted shall be revoked, if
16 the nature of the work is considered to, or does create, a
17 possible conflict of interest or otherwise interferes with the
18 duties of the employee or agent for the commission.

19 (d) An employee or agent of the commission granted
20 permission for outside employment shall not conduct any business
21 or perform any activities, including solicitation, related to

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1 outside employment on premises used by the commission or during
2 the employee's working hours for the commission.

3 (e) As used in this section:

4 "Outside employment" includes the following:

5 (1) Operation of a proprietorship;

6 (2) Participation in a partnership or group business
7 enterprise; or

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

11 **§ -7 Authorization of limited gaming.** Casino gaming
12 shall only be permitted in one integrated resort in Kapolei on
13 Hawaiian home lands designated for commercial use. Any
14 application for a gaming license to operate the integrated
15 resort shall include a development plan for the integrated
16 resort.

17 **§ -8 Gaming license; application; fee.** (a) The
18 application for a gaming license under this chapter shall be
19 made under oath on forms required by this chapter and shall
20 include all of the following:

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- 1 (1) The name, business address, telephone number, social
2 security number and, where applicable, the federal tax
3 identification number of the applicant;
- 4 (2) The identity of any business, including, if
5 applicable, the state of incorporation or
6 registration, in which the applicant has an equity
7 interest of more than five per cent. If the applicant
8 is a corporation, partnership or other business
9 entity, the applicant shall identify any other
10 corporation, partnership, or other business entity in
11 which it has an equity interest of more than five per
12 cent, including, if applicable, the state of
13 incorporation or registration;
- 14 (3) An explanation whether the applicant has developed and
15 opened a new land-based casino within a jurisdiction
16 in the United States that previously did not allow
17 gaming, including a description of the casino, the
18 casino's gross revenue, and the amount of revenue the
19 casino has generated for state and local governments
20 within that jurisdiction;
- 21 (4) A statement whether the applicant has been indicted,
22 convicted, pled guilty or nolo contendere, or

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1 forfeited bail for any felony or for a misdemeanor
2 involving gambling, theft or fraud. The statement
3 shall include the date, the name and location of the
4 court, arresting agency, prosecuting agency, the case
5 caption, the docket number, the offense, the
6 disposition, and the location and length of
7 incarceration;

8 (5) A statement whether the applicant has ever been
9 granted any license or certificate issued by a
10 licensing authority in the State, or any other
11 jurisdiction that has been restricted, revoked, or not
12 renewed. The statement shall describe the facts and
13 circumstances concerning that restriction, revocation,
14 or nonrenewal, including the licensing authority, the
15 date each action was taken, and the reason for each
16 action;

17 (6) A statement whether the applicant, within the last ten
18 years, has filed or had filed against it a civil or
19 administrative action or proceeding in bankruptcy;

20 (7) A statement whether the applicant, within the last
21 five tax years, has been adjudicated by a court or
22 tribunal to have failed to pay any final amount of any

____.B. NO.____

1 income, sales, or gross receipts tax due and payable
2 under federal, state, or local law, after exhaustion
3 of all inter-agency appeals processes. This statement
4 shall identify the amount of the tax, type of tax,
5 time periods involved, and resolution;

6 (8) A statement listing the names and titles of all public
7 officials or officers of any unit of state government
8 or county government in the jurisdiction in which the
9 integrated resort is to be located, and the spouses,
10 parents, and children of those public officials or
11 officers who, directly or indirectly, own any
12 financial interest in, have any beneficial interest
13 in, are the creditors of or hold any debt instrument
14 issued by, or hold or have an interest in any
15 contractual or service relationship with, the
16 applicant. As used in this paragraph, "public
17 official" or "officer" does not include a person who
18 would be listed solely because of the person's state
19 or federal military service;

20 (9) The name and business telephone number of any
21 attorney, counsel, or any other person representing an
22 applicant in matters before the commission;

____.B. NO.____

1 (10) A description of the applicant's history of, or plan
2 for, community involvement or investment in the area
3 where the integrated resort will be located,
4 particularly noting any experience working with native
5 or indigenous communities; and

6 (11) A description of any proposed or approved integrated
7 resort, including the economic benefit to the
8 community, especially native or indigenous
9 communities, anticipated or actual number of
10 employees, any statement from an applicant regarding
11 compliance with federal and state affirmative action
12 guidelines, projected or actual admissions, projected
13 or actual gross receipts, and scientific market
14 research, if any.

15 (12) A clarification of the legal operation of casino games
16 of chance or games of other forms.

17 (13) The integrated resort license shall not include the
18 following gaming activities:

19 (A) Online or mobile gaming; and

20 (B) Games of chance or any other gaming, betting or
21 gambling activities on ships or planes.

____.B. NO.____

1 (b) Information provided on the application shall be used
2 as the basis for a thorough background investigation that the
3 commission shall conduct with respect to each applicant, but any
4 financial information submitted by each applicant shall be kept
5 confidential by the commission. An incomplete application shall
6 be cause for denial of consideration by the commission and
7 forfeiture of the non-refundable deposit.

8 (c) Applicants shall submit with their application a plan
9 for training native Hawaiians as defined in the Hawaiian Homes
10 Commission Act for jobs that are available at the integrated
11 resort. The plan shall take into consideration the need to
12 provide training to low-income persons to enable those persons
13 to qualify for jobs that will be created in the integrated
14 resort.

15 (d) A nonrefundable application fee of one million dollars
16 shall be paid to the commission by an applicant at the time of
17 filing to defray the costs associated with an applicant's
18 background investigation conducted by the commission. If the
19 costs of the investigation exceed one million dollars, the
20 applicant shall pay the additional amount to the commission.

21 § -9 Criteria for award of the gaming license; transfer
22 of license prohibited. (a) The commission shall issue one

____.B. NO.____

1 gaming license to operate an integrated resort to the applicant
2 that has paid the application fee required under section -8,
3 is eligible and suitable to receive a gaming license under this
4 chapter and the rules adopted by the commission, and best
5 satisfies all of the following criteria:

6 (1) The applicant has submitted a development plan for the
7 integrated resort that provides the greatest
8 likelihood that the applicant's facility will provide
9 the maximum revenue to the department of Hawaiian home
10 lands to develop and deliver lands, generate jobs, and
11 provide an economic benefit to native Hawaiians as
12 defined in the Hawaiian Homes Commission Act;

13 (2) The applicant has a history of, or a bona fide plan
14 for, community involvement or investment in the area
15 where the integrated resort will be located,
16 particularly noting any experience working with native
17 or indigenous communities;

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

21 (4) The applicant has provided data identifying the
22 applicant's sources of capital and demonstrating that

____.B. NO.____

1 the applicant has adequate capital to develop,
2 construct, operate, and maintain the proposed
3 integrated resort;

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

12 (6) The applicant has not been indicted, convicted, pled
13 guilty or nolo contendere, or forfeited bail for any
14 felony or for a misdemeanor involving gambling, theft,
15 or fraud;

16 (7) The applicant has not filed or had filed against them
17 a proceeding for bankruptcy within the last ten years;

18 (8) The extent to which an applicant has, within the last
19 five tax years, been, adjudicated by a court or
20 tribunal to have failed to pay any final amount of
21 income, sales, or gross receipts tax due and payable

____.B. NO.____

1 under federal, state, or local law, after exhaustion
2 of all inter-agency appeals processes;

3 (9) The extent to which the applicant meets other
4 standards for the issuance of a gaming license that
5 the commission may have adopted by rule;

6 (10) To ensure the continued integrity of Hawaii collegiate
7 athletics, neither the applicant, nor any parent or
8 subsidiary of the applicant permits wagering on Hawaii
9 collegiate athletics in any other jurisdiction where
10 they hold a license;

11 (11) The adequacy of the applicant's plan for creating
12 partnerships with the University of Hawaii and
13 existing educational institutions for training native
14 Hawaiians as defined in the Hawaiian Homes Commission
15 Act for jobs, including management positions, that are
16 available at the integrated resort and the extent to
17 which the plan considers the need to provide training
18 to low-income persons to enable those persons to
19 qualify for jobs that will be created in the
20 integrated resort; and

21 (12) The caliber of the proposed integrated resort,
22 including the proposed integrated resort's aesthetic

____.B. NO.____

1 appearance, amount of economic benefit to the
2 community, especially native or indigenous
3 communities, anticipated or actual number of
4 employees, compliance with federal and state
5 affirmative action guidelines, and projected or actual
6 gross receipts.

7 (b) An applicant shall be ineligible to receive a gaming
8 license if the applicant or any employee:

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

11 (2) Has been convicted of any violation under part III of
12 chapter 712, or substantially similar laws of another
13 jurisdiction;

14 (3) Knowingly submitted an application for a license under
15 this chapter that contains false information;

16 (4) Is a member or employee of the commission; or

17 (5) Has had revoked a license to own or operate gaming
18 facilities in this State or any other jurisdiction.

19 (c) To demonstrate financial ability, the applicant may
20 include the economic resources available directly or indirectly
21 to the gaming license applicant.

____.B. NO.____

1 (d) Simultaneous with an applicant's submission of an
2 application, each applicant that is a natural person shall
3 submit to the commission on fingerprint cards issued by the
4 Federal Bureau of Investigation or in digital format two sets of
5 fingerprints for each applicant.

6 (e) The commission shall establish a process to facilitate
7 and expedite the approval of the necessary licenses and permits
8 for the integrated resort. The commission may establish its own
9 procedures for the issuance of liquor licenses for any holder of
10 a gaming license under this chapter and the holder of a gaming
11 license shall not be subject to any requirement of the Honolulu
12 liquor commission as to the approval of forms of
13 live/professional music, dancing, and entertainment; provided
14 that all other state laws and county ordinances relating to
15 liquor are met. The commission shall be the receiving agency
16 for any environmental assessment required under chapter 343.

17 (f) Once issued, the gaming license issued pursuant to
18 this chapter shall be nontransferable and shall be valid only
19 for the person or entity in whose name it was issued and for the
20 operation of the integrated resort in Kapolei on Hawaiian home
21 lands designated for commercial use.

____.B. NO.____

1 § -10 **Purpose of the gaming license.** The gaming
2 licensee shall have the following obligations:

3 (a) Ensure the proper operation and conduct of casino
4 games of chance or games of other forms;

5 (b) Manage and conduct gaming activities that are licensed
6 by the commission;

7 (c) Operate and conduct casino games of chance or games of
8 other forms in a fair and honest manner without criminal
9 influence;

10 (d) Employ staff that have the appropriate qualifications;

11 (e) Safeguard and ensure the department of Hawaiian home
12 lands and the State of Hawaii's interests in land lease and tax
13 revenue from the operation of the integrated resort.

14 § -11 **Applicability of Hawaii law.** (a) The integrated
15 resort property and licensee shall be exclusively governed by
16 the laws of the state of Hawaii.

17 (b) The integrated resort with the gaming license
18 recognizes and accepts the exclusive jurisdiction of the court
19 of the state of Hawaii in case of any potential dispute or
20 conflict of interests.

21 (c) The integrated resort with the gaming license must
22 comply with applicable laws of the state of Hawaii and waives

____.B. NO.____

1 the right to apply regulations of a place other than Hawaii
2 which exempt the licensee from performing obligations or acts
3 that must be performed or are imposed.

4 § -12 **Participation in the operation of gambling in**
5 **other jurisdictions.** (a) The integrated resort with the gaming
6 license must inform the commission of its participation in the
7 operation of casino games of chance or games of other forms in
8 any other jurisdictions, including participation in the
9 operation through a management contract, or of such intent. If
10 the licensee is aware that any of its directors or controlling
11 shareholders, or any shareholder that directly or indirectly
12 holds the equivalent of five per cent or more of its share
13 capital has the intent to participate in the operation of casino
14 games or games or other forms in any other jurisdictions, the
15 licensee must inform the commission immediately.

16 (b) For the purpose of this section, the licensee must
17 submit to the commission or procure to obtain and submit to the
18 commission, as the case may be, any documents, information or
19 materials that may be requested, except those which are
20 considered as confidential by law.

21 § -13 **Supplier's licenses.** (a) No person shall furnish
22 equipment, devices, or supplies to the licensed integrated

____.B. NO.____

1 resort under this chapter unless the person has first obtained a
2 supplier's license pursuant to this section. The commission may
3 issue a supplier's license to any person, firm, or corporation
4 who pays a nonrefundable application fee as set by the
5 commission upon a determination by the commission that the
6 applicant is eligible for a supplier's license and upon payment
7 by the applicant of a license fee, the amount to be set by the
8 commission and adjusted to market conditions from time to time.
9 Supplier's licenses shall be renewable annually upon payment of
10 the annual license fee and a determination by the commission
11 that the licensee continues to meet all of the requirements of
12 this chapter.

13 (b) The holder of a supplier's license may sell or lease,
14 or contract to sell or lease, gaming equipment and supplies to
15 any licensee involved in the ownership or management of casino
16 gaming operations.

17 (c) Casino gaming supplies and equipment shall not be
18 distributed unless supplies and equipment conform to standards
19 adopted by rules of the commission.

20 (d) A person, firm, or corporation shall be ineligible to
21 receive a supplier's license if:

____.B. NO.____

- 1 (1) The person has been convicted of a felony under the
2 laws of this State, any other state, or the United
3 States;
- 4 (2) The person has been convicted of any violation under
5 part III, chapter 712, or substantially similar laws
6 of another jurisdiction;
- 7 (3) The person has knowingly submitted an application for
8 a license under this chapter that contains false
9 information;
- 10 (4) The person is a member of the commission;
- 11 (5) The firm or corporation is one in which a person
12 defined in paragraph (1), (2), (3), or (4) is an
13 officer, director, or managerial employee;
- 14 (6) The firm or corporation employs a person, defined in
15 paragraph (1), (2), (3), or (4), that participates in
16 the management or operation of casino gaming
17 authorized under this chapter; or
- 18 (7) The license of the person, firm, or corporation issued
19 under this chapter, or a license to own or operate
20 casino gaming facilities in any other jurisdiction,
21 has been revoked.
- 22 (e) A supplier shall:

____.B. NO.____

- (1) Furnish to the commission a list of all equipment, devices, and supplies offered for sale or lease in connection with games authorized under this chapter;
- (2) Keep books and records for the furnishing of equipment, devices, and supplies to casino gaming operations separate and distinct from any other business that the supplier might operate;
- (3) File quarterly returns with the commission listing all sales and leases;
- (4) Permanently affix its name to all its equipment, devices, and supplies, used for casino gaming operations; and
- (5) File an annual report listing its inventories of casino gaming equipment, devices, and supplies.
- (f) Any person who knowingly makes a false statement on an application is guilty of a petty misdemeanor.

§ -14 Occupational license. (a) The commission may issue an occupational license to an applicant upon:

- (1) The payment of a nonrefundable application fee set by the commission;
- (2) A determination by the commission that the applicant is eligible for an occupational license; and

____.B. NO.____

(3) Payment of an annual license fee in an amount set by the commission.

(b) To be eligible for an occupational license, an applicant shall:

(1) Be at least twenty-one years of age if the applicant performs any function involved in casino gaming by patrons. Any applicant seeking an occupational license for a non-gaming function shall be at least eighteen years of age;

(2) Not have been convicted of a felony offense in any jurisdiction or a crime involving dishonestly or moral turpitude; and

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

(c) Each application for an occupational license shall be on forms prescribed by the commission and shall contain all information required by the commission. The applicant shall set forth in the application whether the applicant:

(1) Has been issued prior gaming-related licenses in any jurisdiction;

____.B. NO.____

(2) Has been licensed in any other jurisdiction under any other name, and if so, the name and the applicant's age at the time; and

(3) Has had a permit or license issued from any other jurisdiction suspended, restricted, or revoked, and if so, for what period of time.

(d) Each applicant shall submit with the application two sets of the applicant's fingerprints. The commission shall charge each applicant a fee to defray the costs associated with the search and classification of fingerprints obtained by the commission with respect to the application.

(e) The commission may refuse to grant an occupational license to any person:

(1) Who is unqualified to perform the duties required of the applicant;

(2) Who fails to disclose or states falsely any information called for in the application;

(3) Who has been found guilty of a violation of this chapter or whose prior casino gaming related license or application has been suspended, restricted, revoked, or denied for just cause in any other jurisdiction; or

____.B. NO.____

1 (4) For any other just cause.

2 (f) The commission may suspend, revoke, or restrict any
3 occupational licensee:

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 a
8 license;

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

11 (5) For any other just cause.

12 (g) A person who knowingly makes a false statement on an
13 application is guilty of a petty misdemeanor.

14 (h) Any license issued pursuant to this section shall be
15 valid for a period of one year from the date of issuance and
16 shall be renewable annually upon payment of the annual license
17 fee and a determination by the commission that the licensee
18 continues to meet all of the requirements of this chapter.

19 § -15 Temporary supplier and occupational licenses. (a)
20 Upon written request of a person applying for a supplier or
21 occupational license under this chapter, the executive director
22 shall issue a temporary license to the applicant and permit the

____.B. NO.____

1 applicant to undertake employment with, conduct business
2 transactions with, and provide goods and services to licensees,
3 gaming license applicants, and holders of certificates of
4 suitability; provided that all of the following provisions are
5 met.

6 (1) The applicant has submitted to the commission a
7 completed application, an application fee, and all
8 required disclosure forms and other required written
9 documentation and materials;

10 (2) Preliminary review of the application and a criminal
11 history check by the executive director and the
12 commission staff does not reveal that the applicant or
13 the applicant's key persons, local and regional
14 managerial employees or sales and service
15 representatives, or substantial owners have been
16 convicted of a felony or misdemeanor that would
17 require denial of the application or may otherwise be
18 ineligible, unqualified, or unsuitable to permit
19 licensure under this chapter; and

20 (3) There is no other apparent deficiency in the
21 application that may require denial of the
22 application.

____.B. NO.____

1 (b) A temporary license issued under this section shall be
2 valid for not more than one hundred and eight days, but may be
3 renewed upon expiration by the executive director.

4 (c) An applicant who receives a temporary license under
5 this section may undertake employment with or supply a gaming
6 licensee, gaming license applicants, and holders of certificates
7 of suitability with goods and services subject to this chapter
8 until a license is issued by the commission pursuant to the
9 applicant's application or until the temporary license expires
10 or is suspended or revoked. During the period of the temporary
11 license, the applicant shall comply with this chapter and rules
12 adopted by the commission.

13 (d) If the temporary license expires, is not renewed, or
14 is suspended or revoked, the executive director shall
15 immediately forward the applicant's application to the
16 commission for action after first providing a reasonable time
17 for the applicant to correct any apparent deficiency in its
18 application.

19 § -16 **Annual report.** The commission shall submit a
20 written annual report to the governor, the legislature, and the
21 Hawaiian homes commission at least sixty days prior to the close
22 of each fiscal year and shall submit any additional reports that

____.B. NO.____

1 the governor, the legislature or the Hawaiian homes commission
2 requests. The annual report shall include:

3 (1) A statement of receipts and disbursements related to
4 the integrated resort pursuant to this chapter;

5 (2) Actions taken by the commission; and

6 (3) Any additional information and recommendations that
7 the commission may deem valuable or which the
8 governor, the legislature, or the Hawaiian homes
9 commission may request.

10 § -17 **Hearings by the commission.** (a) Upon order of
11 the commission, one of the commission members or a hearings
12 officer designated by the commission may conduct any hearing
13 provided for under this chapter related to casino gaming or by
14 commission rule, and may recommend findings and decisions to the
15 commission. The record made at the time of the hearing shall be
16 reviewed by the commission, or a majority thereof, and the
17 findings and decisions of the majority of the commission shall
18 constitute the order of the commission in that case.

19 (b) Any party aggrieved by an action of the commission
20 denying, suspending, revoking, restricting, or refusing to renew
21 a license under this chapter may request in writing a hearing
22 before the commission within five days after service of notice

____.B. NO.____

1 of the action of the commission. Notice of the actions of the
2 commission shall be served either by personal delivery or by
3 certified mail, postage prepaid, to the aggrieved party. Notice
4 served by certified mail shall be deemed complete on the
5 business day following the date of the mailing. The commission
6 shall conduct all requested hearings promptly and in reasonable
7 order.

8 § -18 **Conduct of casino gaming.** Casino gaming may be
9 conducted by the holder of a gaming license, subject to the
10 following:

11 (1) The site of the integrated resort shall be restricted
12 to Kapolei on Hawaiian home lands designated for
13 commercial use;

14 (2) The term of the gaming license shall be twenty years
15 and shall be renewable for additional twenty-year
16 terms; provided that:

17 (A) The integrated resort met or exceeded its
18 commitment to provide lease payments and revenue
19 to the department of Hawaiian home lands to
20 develop and deliver lands, generate jobs, and
21 provide an economic benefit to native Hawaiians
22 as defined in the Hawaiian Homes Commission Act;

____.B. NO.____

1 (B) The gaming licensee's actions have not caused the
2 gaming license under this chapter to be suspended
3 or revoked; and

4 (C) The applicant remains eligible and suitable for a
5 gaming license;

6 (3) The integrated resort may operate twenty-four hours
7 per day, each and every day of the year, subject to
8 market conditions;

9 (4) Minimum and maximum wagers on games shall be set by
10 the gaming licensee with guidance and oversight
11 through regulations by the commission;

12 (5) The commission's agents may enter and inspect the
13 integrated resort at any time for the purpose of
14 determining whether the gaming licensee is in
15 compliance with this chapter;

16 (6) Commission employees shall have the right to be
17 present in an integrated resort under the control of
18 the gaming licensee;

19 (7) Gaming equipment and supplies customarily used in
20 conducting casino gaming shall be purchased or leased
21 only from suppliers licensed under this chapter;

____.B. NO.____

1 (8) Persons licensed under this chapter shall permit no
2 form of wagering on games except as permitted by this
3 chapter;

4 (9) Wagers may be received only from a person present in
5 an integrated resort. No person present in an
6 integrated resort shall place or attempt to place a
7 wager on behalf of another person who is not present
8 in the integrated resort;

9 (10) No person under age twenty-one shall be permitted in
10 an area of the integrated resort where casino gaming
11 is being conducted, except for a person at least
12 eighteen years of age who is an employee of the
13 integrated resort. No employee under age twenty-one
14 shall perform any function involved in casino gaming
15 by patrons. No person under age twenty-one shall be
16 permitted to make a wager under this chapter;

17 (11) All tokens, chips, or electronic cards used to make
18 wagers shall only be purchased from the gaming
19 licensee within the integrated resort. The tokens,
20 chips, or electronic cards shall be used while within
21 the integrated resort only for the purpose of making
22 wagers on authorized games;

____.B. NO.____

1 (12) Prior to commencing gaming operations at the
2 integrated resort, the gaming licensee shall enter
3 into a development agreement with the department of
4 Hawaiian home lands, which will include at least the
5 following terms:

6 (A) The selected licensee agrees to invest at least
7 \$50,000,000 to develop and construct an
8 integrated resort on the site selected by the
9 department of Hawaiian home lands;

10 (B) The selected licensee agrees to create
11 partnerships with local educational institutions
12 to train native Hawaiians as defined in the
13 Hawaiian Homes Commission Act for jobs that are
14 available in the integrated resort;

15 (C) The gaming licensee agrees that neither the
16 gaming licensee, nor any parent or subsidiary of
17 the gaming licensee, will permit wagering on
18 Hawaii collegiate athletics regardless of its
19 legality in other jurisdictions where the
20 licensee operates;

____.B. NO.____

1 (D) All revenue under the development agreement,
2 shall be deposited into the department of
3 Hawaiian home administration account;

4 (E) The gaming licensee and the State agree that,
5 other than the one integrated resort licensed
6 under this chapter, the State shall not authorize
7 any additional gaming in the State during the
8 initial 20-year license period; and

9 (13) In addition to the above, casino gaming shall be
10 conducted in accordance with all rules adopted by the
11 commission.

12 § -19 **Prohibition on credit agreements.** Notwithstanding
13 any other law to the contrary, the gaming licensee will not be
14 permitted to offer credit to a wagerer.

15 § -20 **Wagering tax; rate; disposition.** A wagering tax
16 shall be imposed on the gross gaming revenues of the licensee at
17 the rate of forty-five per cent. Tax revenues collected under
18 this section shall be divided in the following way: seventy-five
19 per cent directed to the Hawaiian home operating fund; five per
20 cent directed to the Native Hawaiian rehabilitation fund;
21 fifteen per cent deposited into the state general fund; five per
22 cent deposited into the state gaming fund.

____.B. NO.____

§ -21 State gaming fund; disposition of taxes collected.

There is established within the state treasury the state gaming fund to be administered by the Hawaii gaming commission into which shall be deposited all fees, taxes, and fines collected under this chapter. Moneys from the state gaming fund may be used to fund:

(1) A compulsive gamblers program and for public security at the integrated resort;

(2) Local educational institutions to train native Hawaiians as defined in the Hawaiian Homes Commission Act for jobs that are available in the integrated resort;

(3) Road or other improvements to address any traffic issues as a result of the integrated resort; and

(4) Administrative expenses of the commission.

§ -22 Legislative oversight. After the first full

fiscal year of operation, the auditor shall conduct a program and financial audit of the Hawaii gaming commission.

Thereafter, the auditor shall conduct a program and financial audit every four years after the initial audit is completed.

§ -23 Disclosure of information. The commission, upon

written request from any person, shall provide the following

____.B. NO.____

1 information concerning the applicant or licensee, the
2 applicant's or licensee's products, services or gambling
3 enterprises, and the applicant's or licensee's business holdings
4 if the commission has the information in its possession:

5 (1) The name, business address, and business telephone
6 number;

7 (2) An identification of any applicant or licensee
8 including, if an applicant or licensee is not an
9 individual, its state of incorporation or
10 registration, and its corporate officers;

11 (3) The name and business telephone number of any
12 attorney, counsel, lobbyist, or any other person
13 representing an applicant or licensee in matters
14 before the commission; and

15 (4) A description of the product or service to be supplied
16 by, or occupation to be engaged in by, a licensee.

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

20 "§712- Casino gaming; exempted. This part shall not
21 apply to casino gaming as authorized by chapter ."

____.B. NO.____

SECTION 4. Section 46-80.5, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) Exemptions.

(1) Property owned by the state or county governments or entities, may be exempt from the assessment except as provided in paragraph (3);

(2) Property owned by the federal government or entities, shall be exempt from the assessment except as provided in paragraph (3);

(3) If a public body owning property, including property held in trust for any beneficiary, which is exempt from an assessment pursuant to paragraphs (1) and (2), grants a leasehold or other possessory interest in the property to a nonexempt person or entity, the assessment, notwithstanding paragraphs (1) and (2), shall be levied on the leasehold or possessory interest and shall be payable by the lessee;

(4) The construction of any integrated resort or gaming facility in Kapolei on Hawaiian home lands designated for commercial use authorized under chapter shall be exempt from the assessment and any special

____.B. NO.____

1 improvement district requirements regarding
2 redevelopment authorized by subsection (a);

3 ~~[(+4)]~~ (5) The redevelopment of the Ala Wai boat harbor
4 shall be exempt from the assessment and any special
5 improvement district requirements authorized by
6 subsection (a); and

7 ~~[(+5)]~~ (6) No other properties or owners shall be exempt
8 from the assessment unless the properties or owners
9 are expressly exempted in the ordinance establishing a
10 district adopted pursuant to this section or amending
11 the rate or method of assessment of an existing
12 district."

13 SECTION 5. There is appropriated out of the Hawaiian home
14 trust fund the sum of \$5,000,000 or so much thereof as may be
15 necessary for fiscal year 2022-2023 for the purpose of funding
16 the operations of the Hawaii gaming commission; provided that
17 the:

18 (1) Gaming licensee shall reimburse the amount
19 appropriated by remitting \$5,000,000 to the department
20 of Hawaiian home lands no later than the first day on
21 which the casino opens for operation; and

22 (2) Gaming licensee's application fee under section

____.B. NO.____

1 -8(e), Hawaii Revised Statutes, shall be applied
2 as a credit against the \$5,000,000 amount due under
3 this section.

4 The sum appropriated shall be expended by the department of
5 Hawaiian home lands for the purposes of this Act.

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

8 SECTION 7. This Act shall take effect on July 1, 2021;
9 provided that section 5 shall take effect on July 1, 2022.

10

11 INTRODUCED BY: _____

12

BY REQUEST

____.B. NO._____

Report Title:

Limited Casino Gaming; Single Integrated Resort; Kapolei;
Appropriation

Description:

Grants 20-year gaming license for a single integrated resort property in Kapolei on Hawaiian home lands designated for commercial use. Establishes Hawaii Gaming Commission. Imposes wagering tax on gross gaming revenue. Creates State Gaming Fund. Appropriates funds. Effective 07/1/2021

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

