



DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON JUDICIARY**

Thursday, February 7, 2019  
2:05 PM  
State Capitol, Conference Room 325

In consideration of  
**HB1107**  
**RELATING TO GAMING.**

Chair Lee, Vice Chair San Buenaventura and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) respectfully **opposes** HB1107, which would create a Hawaii Sports Wagering Corporation within DBEDT to regulate and administer sports wagering in the State.

DBEDT believes that legalizing gambling in any form puts at risk the values that make Hawaii the Aloha State. Specifically, there are too many unintended social and economic impacts that may outweigh the perceived benefits.

Thank you for the opportunity to offer testimony on this bill.

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
DIRECTOR

ROBERT YU  
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**

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 (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON JUDICIARY  
ON  
HOUSE BILL NO. 1107

**February 7, 2019  
2:05 p.m.  
Room 325**



RELATING TO GAMING

House Bill (H.B.) No. 1107 establishes the Hawaii Sports Wagering Corporation to provide a regulated, secure, and responsible framework for the conduct of sports wagering in Hawaii that will provide consumer protection and capture additional revenues for the benefit of the State. The bill also creates the Sports Wagering Special Fund to be used for capital infrastructure modernization, upgrades and deferred maintenance projects.

The Department of Budget and Finance, as a matter of general policy, does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-52.4, HRS, respectively. Special and revolving 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

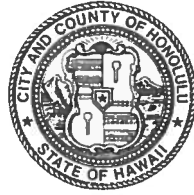
the program or activity; and 4) demonstrate the capacity to be financially self-sustaining.

In regards to H.B. No. 1107, it is difficult to determine whether the proposed special fund would be financially self-sustaining.

Thank you for your consideration of our comments.

POLICE DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813  
TELEPHONE: (808) 529-3111 · INTERNET: [www.honolulu-pd.org](http://www.honolulu-pd.org)



KIRK CALDWELL  
MAYOR

SUSAN BALLARD  
CHIEF

JOHN D. McCARTHY  
JONATHAN GREMS  
DEPUTY CHIEFS

OUR REFERENCE CT-TA

February 7, 2019

The Honorable Chris Lee, Chair  
and Members  
Committee on Judiciary  
House of Representatives  
Hawaii State Capitol  
415 South Beretania Street, Room 325  
Honolulu, Hawaii 96813

Dear Chair Lee and Members:

SUBJECT: House Bill No. 1107, Relating to Gaming

I am Major Calvin Tong of the Narcotics/Vice Division of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD opposes House Bill No. 1107, Relating to Gaming.

This bill would establish a Hawaii sports wagering corporation. This corporation would regulate sports wagering to include wagering of sporting contests to individuals above the age of 18.

It has been shown that any form of gambling is also associated with a plethora of social ills and financial ruin for many people.

Numerous studies have confirmed that gambling causes problems such as 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 Honorable Chris Lee, Chair  
and Members  
February 7, 2019  
Page 2

In keeping with our conviction of sustaining and enriching our communities, the HPD urges you to oppose House Bill No. 1107, Relating to Gaming.

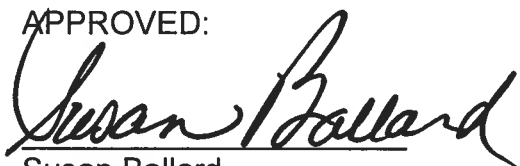
Thank you for the opportunity to testify.

Sincerely,



Calvin Tong, Major  
Narcotics/Vice Division

APPROVED:



Susan Ballard  
Chief of Police

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Hawaii Sports Wagering Corporation

BILL NUMBER: HB 1107

INTRODUCED BY: TODD, CULLEN, GATES, HASHIMOTO, HOLT, MORIKAWA, OHNO, ONISHI, QUINLAN, YAMANE, YAMASHITA, Nakashima

EXECUTIVE SUMMARY: Creates the Hawaii sports wagering corporation to regulate and administer sports wagering in the State. Creates a special fund that would fund infrastructure improvements and deferred maintenance statewide. As now drafted, the special fund would violate legislative criteria and would simply be a way to subvert the appropriation process.

SYNOPSIS: Adds a new chapter to the HRS to establish the Hawaii sports wagering corporation and describe its functions and responsibilities.

Adds a new section to chapter 712, HRS, to exempt operations of the corporation from state gambling laws.

EFFECTIVE DATE: July 1, 2019.

STAFF COMMENTS: The Hawaii sports wagering corporation is by this bill established as a governmental entity set up to run a sports wagering operation in Hawaii, which operation would be excepted from the penal statutes in chapter 712, HRS.

The intent is for the corporation not only to be self-sufficient, but to make enough money to feed a new special fund that would fund capital infrastructure modernization, upgrades, and deferred maintenance projects statewide. (See new section \_\_\_-10.)

In 2002, the Legislature set requirements for establishing and continuing special and revolving funds. Sections 37-52.3 and 37-52.4, HRS, now state that the criteria used to review special and revolving funds are the extent to which each fund:

- Serves a need, as demonstrated by the purpose of the program to be supported by the fund; the scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
- Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries, or a clear link between the program and the sources of revenue—as opposed to serving primarily as a means to provide the program or users with an automatic means of support, removed from the normal budget and appropriation process;
- Provides an appropriate means of financing for the program or activity, that is used only when essential to the successful operation of the program or activity; and
- Demonstrates the capacity to be financially self-sustaining.

Re: HB 1107  
Page 2

We are concerned that the new special fund clearly fails the second criterion and may fail other criteria as well. The establishment and intended use of the special fund as described subverts the appropriation process.

Digested 2/5/2019



**LATE**

**WRITTEN STATEMENT OF KEITH S. WHYTE  
EXECUTIVE DIRECTOR  
NATIONAL COUNCIL ON PROBLEM GAMBLING**

**HB 1107 Hawaii Sports Wagering Commission**

**JUDICIARY COMMITTEE**

**Thursday, February 7, 2019**

Dear Chair Lee, Vice Chair Buenaventura and Members of the Committee:

On behalf of the National Council on Problem Gambling and two million Americans—including the estimated 28,000 Hawaiian residents—with gambling problems, I would like to submit this testimony for the record. We speak for those who are at-risk for gambling problems, those who suffer from a gambling addiction and for those in recovery who must remain anonymous. We speak for those youth and adults who will be harmed in the future from expanded sports betting. We bear witness to the devastating impacts of a gambling addiction on individuals and their families and to the effectiveness of services that provide help and hope for those who struggle. We can never eliminate the disease of gambling addiction, but we can and must make better efforts to prevent and treat it.

We believe the expansion of legalized sports gambling in Hawaii will likely increase gambling participation and problems unless the following minimum measures are taken:

1. Dedicate at least one percent of revenue or \$200,000 to prevent and treat gambling addiction.
2. Develop robust and enforceable responsible gaming programs for sports betting licensees.
3. Conduct surveys of the prevalence of gambling addiction prior to expansion and at regular periods thereafter to assess problems.
4. Establish a consistent minimum age for sports gambling and related fantasy games.

We are concerned about the collision of three trends—vast increases in gambling advertising, especially exhortations to gamble during the game; advances in technology including mobile phone gambling, and a virtually unlimited menu of betting opportunities far beyond game outcome or even player performance. This Frankenstein’s monster of advertising, access and action is unprecedented in America, and indeed anywhere else in the world. As a result it is likely that most Americans will soon be bombarded by marketing urging them to bet instantly from their phone on every action by every player on every play in every game in every sport.

Everyone who profits from sports betting bears responsibility for gambling problems. Dedicating a portion of profits from gambling to mitigate gambling harm is an ethical imperative and an economic necessity. The only way to maximize benefits from sports betting is to minimize problem gambling harm.



The language in Section 14(1) F and G requiring the operator to provide age verification and responsible gambling controls and Section 18 directing the Sports Wagering Corporation to provide information on a helpline, self-exclusion and limit setting is a good start. We suggest the regulations at a minimum they should include comprehensive employee training, self-exclusion, ability to set limits on time and money spent betting and specific requirements for the inclusion of help/prevention messages in external marketing. The operator must have a written plan with measurable objectives, and an annual report on the progress towards these goals must be provided to the regulator and available for public review. Compliance with the responsible gambling regulations and plan performance should be a condition of licensure and renewal.

Players who wish to exclude themselves from sports betting should have options through either the operator or an outside service recognized by NCPG or the Corporation. Family members should be able to request a gambler be banned through a process adjudicated by the regulator. Excluded players should receive information about available help services upon application; and subsequently should not receive any direct marketing or promotional offers to continue gambling. Regulators should hold harmless operators who make reasonable efforts to comply with exclusion requests; but should pursue actions against operators who fail to do so. The operator should have a clearly articulated commitment to advertising that does not mislead or target people with gambling problems or minors. Advertising should contain a responsible gaming message and/or the National Problem Gambling Helpline (1-800-522-4700) number. Advertising should not be placed before any audience where most of the audience is ordinarily expected to be below the legal age to participate in gambling activity.

When considering new and expanded gambling legislation, regulations, policy or programs, the Corporation acting as a regulator should consider the precautionary principle that there is a social responsibility to protect the public from exposure to harm, when scientific investigation has found a plausible risk. Survey research should be conducted prior to the expansion of sports betting and periodic monitoring conducted thereafter to support evidence-based, data-driven responsive measures. In addition, deidentified data collected by regulated operators on gambling activity should be made publicly available through the regulatory agency to qualified researchers to help support mitigation efforts.

A minimum age to bet on sports and fantasy games should be determined and enforced. Operators should have an affirmative obligation to put in place technical and operational measures to prevent access by those who are underage, especially in online or mobile betting. Sports betting legislation that allows internet, mobile and online gambling options may further increase risk factors for gambling addiction, but this technology also allows additional opportunities to enhance the responsible gaming features described above including setting limits and exclusion programs. Therefore NCPG urges legislators and regulators to utilize NCPG's best practice Internet Responsible Gambling Standards (IRGS) as the basis for any internet or mobile gaming. Gaming vendors and operators are encouraged to pursue NCPG's Internet Compliance Assessment Program (iCAP) to receive an independent audit confirming they meet the IRG Standards. Not only will this make it easier for all stakeholders to have a consistent responsible gambling program across various jurisdictions, systems and license holders but most importantly it will provide those who gamble with continuity of protection.

We know illegal gambling including sports betting occurs across Hawaii. Legalization will likely increase availability and acceptability of sports gambling and thus increase participation, which may lead to more gambling problems.

NCPG has additional concerns about the impact of gambling on the health of athletes, as research indicates that athletes are more likely to be at risk for addictions. Preventing and treating gambling addiction among players protects their health and the integrity of the game. Therefore leagues and teams should establish specific gambling addiction prevention and education programs for youth athletes prior to high school all the way through college and into professional sports. They should also ensure that athletes and personnel have a safe harbor to seek help for gambling related problems, and qualified personnel available to provide assistance. Sporting organizations should provide mandatory educational briefings to players and team personnel on team/league policy regarding gambling and where to get help for gambling problems. They could also utilize their high-profile opportunities in the media to help send responsible gaming messages to their fans and the public at large.

The media should promote the National Problem Gambling Helpline (800-522-4700) as a public service in every newspaper and media outlet which prints or publicizes betting lines or odds. I'm pleased to report we are in discussions with ESPN around this issue and call on their competitors to follow their lead. I'm also pleased to announce our Safer Sports Betting Initiative (SSBI). The initial SSBI goal is to raise awareness of potential gambling addiction-related problems and suggested responsible gambling solutions among states, leagues, gambling operators and other stakeholders over the next three months.

Problem gambling is an important public health concern, characterized by increasing preoccupation with and loss of control over gambling, restlessness or irritability when attempting to stop gambling, and/or continued gambling despite serious negative consequences. The estimated social cost to families and communities from gambling-related bankruptcy, divorce, crime and job loss is estimated at \$34 million in Hawaii, mainly in criminal justice and healthcare costs. Problem gamblers also have high rates of co-occurring substance abuse and mental health disorders, including smoking, alcohol use and abuse, drug use and abuse, depression and suicidal behavior.

NCPG provides access to the National Problem Gambling Helpline (800.522.4700) for callers from anywhere in the United States, including Hawaii. In 2018 our Helpline received 1,879 calls from Hawaii, in spite of the lack of promotion and referral resources for callers.

To our knowledge Hawaii has never provided any health funding or resources for problem gamblers. We strongly recommend the Department of Health at a minimum:

- designate a senior staffer to be responsible for problem gambling issues;
- add brief gambling screens to intake/assessment and data tracking systems;
- add gambling participation & problem symptom questions to existing surveillance, monitoring and survey efforts;
- develop state- and culturally-specific basic materials on gambling addiction;

- develop a plan to train all DOH behavioral health counselors in basic screening, assessment, treatment & referral;
- identify counselors with prerequisite education and certification to receive advanced training with goal to achieve national certification and become trainers.

These recommendations, if implemented, will help establish at least a rudimentary problem gambling safety net prior to the onset of sports betting.

NCPG is neutral on legalized gambling, and therefore does not take a position for or against HB 1107 or other gambling bills. Our primary goal is to advocate for services to prevent Hawaiians from developing gambling problems and to ensure services are available to treat those who develop this devastating disorder. Comprehensive problem gambling and responsible gaming programs are critical if Hawaii wishes to reduce criminal justice and healthcare costs of gambling addiction.

There will be a small but significant portion of gamblers who experience negative consequences as a result of sports betting. Together with all stakeholders who will profit from sports betting our challenge is to implement measures to reduce that harm as much as possible even as sports gambling expands across the nation.

The historic failure to address this issue costs the state of Hawaii and hurts its most vulnerable citizens. Even though gambling is not currently legal in Hawaii there are still an estimated 28,000 Hawaiians with gambling problems. The only ethical and economical path is to make sure that public funds are dedicated to prevent and treat increased gambling problems that are a direct consequence of expanded gambling.

###

The National Council on Problem Gambling was founded in 1972 and is neutral on legalized gambling. We serve as the national advocate for programs and services to assist problem gamblers and their families. We improve health and wellness by leading state and national stakeholders in the development of comprehensive policy and programs to reduce the personal, social and economic costs of problem gambling. If you or someone you know has a gambling problem, call or text the National Problem Gambling Helpline at 1-800-522-4700 or visit [www.ncpgambling.org/chat](http://www.ncpgambling.org/chat) for confidential help.

**HB-1107**

Submitted on: 2/7/2019 9:32:12 AM

Testimony for JUD on 2/7/2019 2:05:00 PM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:

**WE STRONGLY SUPPORT THIS BILL. GAMING IS REAL & EXISTS IN HAWAII SINCE BEFORE STATEHOOD. BANNING GAMING HAS ONLY ALLOWED THE UNDERGROUND GAMING WORLD TO THRIVE & PROMOTES COLLATERAL CRIMES LIKE STRONG ARMING, ASSAULTS, THEFTS, MURDERS, ETC.**

**BY ENDING THE PROHIBITION ON GAMING, WE WILL REMOVE THE POWER & ALLURE OF UNREGULATED/UNDERGROUND GAMING INSTITUTIONS, AND ALSO BRING IN MUCH NEEDED TAX REVENUES.**

**HB-1107**

Submitted on: 2/5/2019 3:59:39 PM

Testimony for JUD on 2/7/2019 2:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joy Marshall	Individual	Oppose	No

Comments:

**LATE**

**HB-1107**

Submitted on: 2/7/2019 6:41:49 AM

Testimony for JUD on 2/7/2019 2:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ellen Godbey Carson	Individual	Oppose	No

Comments:

Please Kill this bill. Our community does not need or want any form of gambling. Gambling is a no-win proposition. It hurts most those who don't have discretionary funds to gamble. Once one form of gambling is permitted, it makes it easier for other forms of gambling as well. Let's enforce the laws we have against gambling.

**HB-1107**

Submitted on: 2/7/2019 8:18:17 AM

Testimony for JUD on 2/7/2019 2:05:00 PM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Derek H Ichimura	Individual	Support	No

Comments:

I am testifying in favor of this bill. I believe there is enough merit to try this measure on a limited, "test" basis at least. Perhaps an amendment for a pilot program of a limited time basis would allay the fears of its opponents. If the fears of the opponents of legalized gambling come true, then the measure will terminate after a specified period. If the measure proves successful, the term can then be extended.

I believe that the reasons for opposing this bill is based on supposition and not fact. I think this bill is a very creative way to find additional sources of income for the State aside from raising our taxes.

**LATE**

**HB-1107**

Submitted on: 2/7/2019 10:45:32 AM

Testimony for JUD on 2/7/2019 2:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
marjorie erway	Individual	Oppose	No

Comments:

This is a way to open the door for gambling in Hawaii. I strongly object! And hope you already understand why. Once the door is open, there is no stopping it. Please let me know if you would like more info on why the gambling door needs to be shut, as it is now.