REQUESTING THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS TO
CONVENE A TASK FORCE TO EVALUATE THE IMPLEMENTATION OF
PARIMUTUEL WAGERING ON HORSE RACING.

WHEREAS, horse racing began in Hawaii in the late
nineteenth century. The Hawaiian Jockey Club was founded in
1872 by King Kalakaua. It was the Hawaiian Jockey Club that
brought order out of the irregular conduct of the early races
and organized the sport according to the rules that governed
races elsewhere. Among the original members of the club were
such prominent personages as King Kalakaua, Governor John Owen
Dominis, Samuel Parker, Major Cornwell, and A.S. Cleghorn; and

WHEREAS, prior to the Second World War, horse racing was an
active pursuit for a great many people for recreation and
employment on the Big Island. On Oahu, horse racing officially
began in 1939 when the Oahu Jockey club was incorporated and the
Kailua race track was constructed. According to newspaper
accounts, modern horse racing on Oahu flourished until 1952.
The sport of horse racing enjoyed the hearty patronage of King
Kalakaua V. The anniversary of the birth of Kamehameha the
Great was first made a legal holiday on June 11, 1872, the
occasion being celebrated by horse races at Kapiolani Park. A
few years later, the races were held on a regular mile course,
and on every recurring holiday, crowds gathered there to enjoy
racing and trotting events. Attempts to conduct horse racing at
Kapiolani Park failed in 1949, and a bill to permit horse racing
on Maui failed to pass the House of Representatives in 1959; and

WHEREAS, during this time, Hawaii's economy depended
heavily on agriculture, exporting sugar cane and pineapples, but
since then, tourism has taken over to become the State's number
one industry; and

WHEREAS, as the Legislature contemplates different
 alternatives to revitalize Hawaii's economy, it is clear that
the State needs to diversify Hawaii's economy and expand other
industries, in order to assure that economic downturns in other
areas do not have such a great impact on our own economy. Other
industries the Legislature has attempted to provide additional
support for include green, high-return, high-technology, and
agricultural industries; and

WHEREAS, the Legislature believes that the time has come to
take a hard look at supporting a form of gaming in Hawaii, and
parimutuel wagering on horse racing is a well-regulated,
economically-advantageous, fair, and industry-diversifying
alternative to other forms of gaming; and

WHEREAS, horse racing has a long and honorable
international history. Parimutuel wagering is a popular and
widespread form of legalized gambling in the United States and
is approved in forty states. Parimutuel horse racing and
facilities are operated by private groups under strict federal
and state government regulation and law enforcement. The
industry is also regulated by the Thoroughbred Racing
Association, the Thoroughbred Racing Protective Bureau, the
United States Trotting Association, and the Association of
Racing Commissioners International; and

WHEREAS, from an economic standpoint, a fully-operating
track will employ more than six thousand employees in well-
paying union jobs. In areas where a race track was built, this
industry has spawned the development of many small businesses.
It has been estimated that one hundred thousand new jobs have
been created in cities with race tracks; and

WHEREAS, race track activities include betting, which is
classified as "parimutuel", as opposed to casino gambling. With
parimutuel betting, approximately eighty per cent is paid out to
the players (which is the reason for the established odds),
while ten per cent is paid to the State in taxes and the
remaining ten per cent is applied to track expenses. Casino
gambling, on the other hand, pays eighty per cent to the house
with ten per cent paid to the players; and

WHEREAS, development of a parimutuel horse racing industry
in Hawaii would encourage agriculture and the breeding of horses
in this State, along with generating employment and economic
development opportunities in the veterinary and farming
services, among others, as well as provide a landscape
reminiscent of the days when the paniolos were prominent. A
horse racing facility could even be included in the planning and
development of an international sports complex in Hawaii; and

WHEREAS, additionally, the development of a horse racing
industry would serve to bolster the State's key tourism industry
by providing increased sources of revenue from newly-generated
business, hotel, restaurant, and airline activities. The State
is currently losing revenues as many residents travel to other
states to observe and wager on horse racing and participate in
other casing gaming activities; and

WHEREAS, horse racing, which is controlled and regulated by
the State, will serve to prevent and deter unlawful bookmaking
and gambling activities and will diversify Hawaii's economy,
while also diversifying Hawaii's tourism industry; now,
therefore,

BE IT RESOLVED by the House of Representatives of the
Twenty-fifth Legislature of the State of Hawaii, Regular Session
of 2010, that the Department of Commerce and Consumer Affairs is
requested to convene a Task Force to examine the establishment
of parimutuel wagering for horse racing in Hawaii, including
proposed legislation and a draft regulatory scheme; and

BE IT FURTHER RESOLVED that the Legislature requests that
the Task Force membership comprise seven persons with knowledge,
interest, and proven expertise in one or more of the following
fields: equitation and operations of the horse racing industry,
accounting, agriculture, commerce and trade, computer science,
corporate management, economics, finance, law, law enforcement,
tourism, marketing, and the parimutuel industry; and

BE IT FURTHER RESOLVED that the Director of Commerce and
Consumer Affairs is requested to appoint the task force members
based on lists of candidates submitted by the Department of
Business, Economic Development, and Tourism, the Governor, the
President of the Senate, and the Speaker of the House of
Representatives; and

BE IT FURTHER RESOLVED that the Director of Commerce and
Consumer Affairs is requested to submit a report to the
Legislature no later than twenty days prior to the convening of
the Regular Session of 2011, containing the findings and
recommendations of the Task Force, including any proposed legislation and the draft regulatory scheme; and

BE IT FURTHER RESOLVED that the Task Force members are requested to serve on a voluntary basis and to assume responsibility for any costs associated with their participation on the Task Force; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Governor, Director of Commerce and Consumer Affairs, and the Director of Business, Economic Development, and Tourism.

OFFERED BY:  

MAR 10 2010