

JAN 29 2015

A BILL FOR AN ACT

RELATING TO A PARIMUTUEL WAGERING PILOT PROJECT.

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

1 SECTION 1. Horse racing in Hawaii dates back to the late
2 nineteenth century when it enjoyed the hearty patronage of King
3 Kamehameha V. When the anniversary of Kamehameha the Great's
4 birth was first made a legal holiday, on June 11, 1872, horse
5 races at Kapiolani Park helped celebrate the occasion. That
6 same year, King David Kalakaua founded the Hawaiian Jockey Club
7 to regulate the early races and organize the sport according to
8 the rules of horse racing. Prominent original members of the
9 club included King Kalakaua, Royal Governor of Oahu John
10 Dominis, Samuel Parker, Colonel William H. Cornwell, Jr., and
11 Royal Governor of Oahu Archibald Scott Cleghorn.

12 On Oahu, horse racing prospered with the incorporation of
13 the Oahu Jockey Club in 1939 and construction of the Kailua
14 racetrack. According to newspaper accounts, modern horse racing
15 flourished on Oahu until the mid-1950s with races held on a
16 regular mile course on every recurring holiday. Attempts to
17 conduct horse racing at Kapiolani park failed in 1949, and a



1 bill to permit horse racing on Maui failed to pass the house of
2 representatives in 1959. At that time, Hawaii's economy
3 depended heavily on agriculture, specifically, sugar cane and
4 pineapple. However, tourism later became the State's primary
5 industry.

6 The legislature finds that the time has come for the State
7 to diversify its economy away from tourism and focus on
8 alternatives, such as developing green, high-return, high-
9 technology, and agricultural industries. The time has also come
10 to make the hard choice to support a form of gaming in the
11 State. Horse racing has a long and honorable history locally,
12 nationally, and internationally. Parimutuel wagering is a
13 popular and widespread form of legalized gambling in the United
14 States and is approved in over forty states. Parimutuel horse
15 racing and facilities are operated by private groups under
16 strict federal and state government regulation and law
17 enforcement. The industry is also regulated by the Thoroughbred
18 Racing Association, the Thoroughbred Racing Protective Bureau,
19 the United States Trotting Association, and the Association of
20 Racing Commissioners International.



1 From an economic standpoint, a fully operating racetrack
2 could employ more than six thousand employees in well-paying
3 jobs. In areas where racetracks have been built, the horse
4 racing industry has spawned the development of many small
5 businesses. It has been estimated that one hundred thousand new
6 jobs have been created in cities with racetracks.

7 Racetrack activities include betting, which is classified
8 as parimutuel, as opposed to casino gambling. With parimutuel
9 betting, approximately eighty per cent is paid out to the
10 players (which is the reason for the established odds) while ten
11 per cent is paid to the State in taxes and the remaining ten per
12 cent is applied to track expenses. Casino gambling, on the
13 other hand, pays eighty per cent to the house with ten per cent
14 paid to the players.

15 Development of a parimutuel horse racing industry in Hawaii
16 would encourage agriculture and horse breeding as well as
17 generate employment and economic development opportunities in
18 the veterinary and farming services. A horse racing facility
19 could even be included in the planning and development of an
20 international sports complex in Hawaii.



1 The development of a horse racing industry would serve to
 2 bolster the State's tourism industry by providing increased
 3 sources of revenue from newly generated business, hotel,
 4 restaurant, and airline activities. The State is currently
 5 losing revenue as many residents travel to other states to
 6 observe and wager on horse racing and participate in casino
 7 gambling activities.

8 State regulation and control over horse racing will serve
 9 to prevent and deter unlawful bookmaking and gambling
 10 activities. Furthermore, a board would oversee the daily duties
 11 of establishing and enforcing the horse racing and parimutuel
 12 wagering rules and regulations.

13 Accordingly, the purpose of this Act is to authorize a
 14 five-year pilot project for parimutuel wagering and horse
 15 racing.

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

19 **"CHAPTER**

20 **FIVE-YEAR PILOT PROGRAM FOR PARIMUTUEL WAGERING**

21 **AND HORSE RACING**



1 **§ -1 Definitions.** As used in this chapter, unless the
2 context otherwise requires:

3 "Association" means any person engaged in the conduct of a
4 recognized horse racing meeting.

5 "Board" means the Hawaii horse racing board.

6 "Breakage" means the odd cents by which the amount payable
7 on each dollar wagered exceeds a multiple of 10 cents.

8 "Licensee" means a person, individual, corporation,
9 partnership, association, or other body holding a valid license
10 issued under this chapter.

11 "Parimutuel horse racing facility" means any facility where
12 horse races are viewed live or by way of telecast, and
13 parimutuel wagers are made on the outcomes of those horse races.

14 "Parimutuel wagering" means any system whereby wagers with
15 respect to the outcome of a horse race are placed with, or in, a
16 wagering pool conducted by a person licensed or otherwise
17 permitted to do so under the law of this State, and in which the
18 participants are wagering with each other and not against the
19 operator, such that all sums wagered on competitors in a horse
20 race are pooled and holders of winning tickets share the total



1 amount bet, minus a percentage for the licensee and the State as
2 set forth in this chapter.

3 "Race" means any horse race conducted live in this State or
4 telecast from a state other than Hawaii, or a foreign country
5 where parimutuel horse racing is legal.

6 **§ -2 Hawaii horse racing board; establishment. (a)**

7 There is established the Hawaii horse racing board, which shall
8 be placed within the department of commerce and consumer affairs
9 for administrative purposes.

10 (b) The board shall consist of three members, who shall
11 not be public officers or employees. The members shall be from
12 the general public and selected on the basis of their knowledge,
13 interest, and proven expertise in relevant fields, which shall
14 include but are not limited to the following: both equitation
15 and operations of the horse racing industry, accounting,
16 agriculture, commerce and trade, computer science, corporate
17 management, economics, finance, law, law enforcement, marketing,
18 and the parimutuel industry.

19 (c) Members shall serve for five years. One member shall
20 be appointed by the governor. The second member shall be
21 appointed by the governor from a list of nominees submitted by



1 the president of the senate. The third member shall be
2 appointed by the governor from a list of nominees submitted by
3 the speaker of the house of representatives.

4 (d) Whenever a member appointed from a list of nominees
5 submitted by the president of the senate or the speaker of the
6 house of representatives vacates the member's seat on the board
7 prior to the expiration of the member's term, the governor shall
8 fill the vacancy for the unexpired term by appointment from a
9 list of two nominees submitted by the nominating authority in
10 subsection (c) that nominated the member who vacated the seat.

11 (e) An appointment required to be made from a list of
12 nominees submitted by the president of the senate or the speaker
13 of the house of representatives shall be made by the governor
14 within ten days of receipt of the list of nominees. The
15 governor shall appoint the members of the board prior to July 1,
16 2015.

17 (f) Each term of a member of the board shall commence on
18 July 1, 2015, and expire on June 30, 2020.

19 (g) The governor may remove or suspend for cause any
20 member of the board after due notice and public hearing.



1 (h) Members shall serve part time and shall be compensated
2 \$75 for each day in the performance of official duties; provided
3 that the compensation of a member shall not exceed \$5,000 in any
4 one year. Members shall also be reimbursed for expenses,
5 including travel expenses, incurred in the performance of
6 official duties.

7 (i) Officers of the board, including the chairperson,
8 shall be selected by the members.

9 **§ -3 Powers and duties of the board.** (a) The board
10 shall exercise all powers assigned to it under this chapter
11 necessary to effectuate the purposes of this chapter.

12 (b) The board shall also have the power to:

13 (1) Maintain an office;

14 (2) Keep detailed records of all meetings and of all
15 business transacted, including collections and
16 disbursements;

17 (3) Adopt rules pursuant to chapter 91 that establish the
18 selection process for the licensee to conduct
19 parimutuel wagering at parimutuel horse racing
20 facilities in the State;



- 1 (4) Approve the licensee to conduct the parimutuel
2 wagering at parimutuel horse racing facilities in the
3 State; and
- 4 (5) Employ staff and other employees as necessary for the
5 performance of the board's duties, including an
6 executive secretary, auditors, inspectors, and
7 security personnel to ensure the integrity of
8 parimutuel horse racing as conducted by the licensee
9 in the State. The duties and compensation of the
10 employees of the board shall be determined by the
11 board, and their compensation shall be paid from the
12 administrative fund of the board established pursuant
13 to section -7. The board may combine in a single
14 person the duties of one or more employees or
15 officials, as efficiency and economy require. The
16 employees appointed by the board under this paragraph
17 shall not be subject to chapter 76, but shall be
18 members of the employees' retirement system of the
19 State and shall be eligible to receive the benefits of
20 any state or federal employee benefit program
21 generally applicable to officers and employees of the



1 State. Employees may be dismissed by the board at its
2 pleasure.

3 (c) The board shall submit an annual report during the
4 five-year pilot program to the governor and the legislature,
5 which shall include a complete accounting of all income and
6 disbursements.

7 **§ -4 Oath by board members.** Before entering upon the
8 discharge of the duties of the office, each member of the board
9 shall take an oath that the member will faithfully execute the
10 duties of the member's office according to the laws of the
11 State.

12 **§ -5 Bond required.** Prior to the commencement of the
13 term of office, each member of the board shall procure a surety
14 bond. The bond shall be approved by the governor and the
15 attorney general, payable to the State in the sum of \$100,000,
16 and conditioned upon the faithful performance of the member's
17 duties and the correct accounting and payment of all sums within
18 the member's control under this chapter. Each bond, upon
19 execution and approval, shall be filed with the attorney
20 general. When, in the governor's opinion, the bond of any
21 member of the board has become or is likely to become invalid or



1 insufficient, the governor shall require that member to renew
2 the bond. The governor shall approve the renewed bond in the
3 sum prescribed in this section. The cost of any bond given by
4 any member of the board under this section shall be part of the
5 necessary expenses of the board.

6 **§ -6 Meetings; quorum requirements.** (a) The powers of
7 the board are vested in the members thereof. All actions taken
8 and motions and resolutions adopted by the board at any meeting
9 of the board shall require an affirmative vote of at least two
10 members.

11 (b) Two members of the board shall constitute a quorum, or
12 in the instance of a vacancy, a majority of the members
13 remaining qualified.

14 **§ -7 Administrative fund; parimutuel education fund;**
15 **established.** (a) There is created the administrative fund,
16 which shall be administered by the board. Revenues received
17 pursuant to section -11(c) shall be deposited in the
18 administrative fund. Expenditures from the administrative fund
19 shall be used for all necessary expenses and payments permitted
20 or required by this chapter.



1 (b) There is created the parimutuel education fund, which
2 shall be administered by the board. Revenues received pursuant
3 to section -11(c) shall be deposited in the parimutuel
4 education fund. Expenditures from the parimutuel education fund
5 shall be used exclusively to fund education in the State.

6 **§ -8 Prohibitions.** (a) No member, employee, or
7 appointee of the board shall:

8 (1) Directly or indirectly, individually or as a member of
9 a partnership, or as a shareholder of a corporation,
10 have any interest in the licensee or any subcontractor
11 to the licensee that conducts, or seeks to conduct,
12 parimutuel wagering in the State; or

13 (2) Directly or indirectly, wager at any parimutuel
14 wagering facility authorized under this chapter.

15 (b) In addition to the proscriptions in subsection (a), no
16 board member shall:

17 (1) Accept any form of employment by a business
18 organization regulated under this chapter for a period
19 of two years following the termination of the member's
20 service on the board;



- 1 (2) Engage in any oral ex parte communications with any
- 2 representative, agent, officer, or employee of any
- 3 business organization regulated under this chapter
- 4 concerning any matter pending before the board; or
- 5 (3) Participate actively in the management or conducting
- 6 of any political campaign, which includes:
- 7 (A) Holding office in a political party, political
- 8 organization, or political club;
- 9 (B) Campaigning for a candidate in a partisan
- 10 election by making speeches or writing on behalf
- 11 of a candidate;
- 12 (C) Soliciting votes in support of or in opposition
- 13 to a candidate; and
- 14 (D) Making contributions of time and effort to any
- 15 political party, political organization,
- 16 political club, or candidate.

17 **§ -9 Subpoena powers.** (a) In administering this

18 chapter, any member of the board, or an agent authorized by the

19 board, may subpoena witnesses, examine witnesses under oath, and

20 require the production of books, papers, documents, electronic

21 and computer records, or any other objects or things that the



1 member or agent deems relevant or material to the inquiry. Upon
2 application by the member or agent, enforcement of the subpoena
3 may be sought in the circuit court of the circuit in which the
4 person subpoenaed resides or is found in the same manner as a
5 subpoena issued by the clerk of a circuit court.

6 (b) The board, upon the request of any person interested
7 in a matter before the board, shall issue subpoenas for the
8 attendance of witnesses or the production of books, records,
9 documents, or things on behalf of the person.

10 (c) The board's subpoenas may be served by any person
11 appointed by the board. The subpoenas shall be served, and
12 witness fees and mileage shall be paid, pursuant to sections
13 607-8 and 607-12.

14 **§ -10 Bonding of employees.** The board may require any
15 of its employees to be bonded in an amount that it determines.
16 Upon execution and approval, every bond shall be filed with the
17 attorney general. The cost of the bond shall be part of the
18 necessary expenses of the board.

19 **§ -11 Parimutuel wagering; one parimutuel horse racing**
20 **facility; wagering facilities; fees.** (a) There shall be not



1 more than one parimutuel horse racing facility in the State to
2 be operated by the licensee selected pursuant to section -16.

3 (b) The State's share of moneys received at the parimutuel
4 horse racing facility shall be deposited as provided in
5 subsection (c). The chairperson, with the approval of the
6 board, shall supervise all receipts, disbursements, and
7 accounting of the administrative fund, including the portion
8 that shall be transmitted to the state general fund as provided
9 in subsection (c).

10 (c) From the total moneys wagered at the parimutuel horse
11 racing facility, the board shall collect from the licensee and
12 distribute appropriately the following:

13 (1) One-half of one per cent, which shall be deposited
14 into the administrative fund;

15 (2) Four per cent, which shall be deposited into the state
16 general fund; and

17 (3) Four per cent, which shall be deposited into the
18 parimutuel education fund.

19 (d) The licensee may deduct not more than ten per cent
20 from all moneys wagered at the parimutuel horse racing facility
21 as the licensee's share. The remainder of moneys wagered shall



1 be distributed according to formulas established by the board to
2 holders of winning parimutuel tickets. A licensee shall compute
3 the breakage in the parimutuel horse racing system at the
4 nearest 10 cents to be distributed as follows:

5 (1) Fifty per cent shall be retained by the licensee; and

6 (2) Fifty per cent shall be transmitted to the board for
7 deposit into the state general fund,

8 subject to the rules adopted by the board.

9 (e) The board may adopt higher takeout formulas for bets
10 commonly known as "exotics".

11 (f) The licensee who conducts parimutuel horse racing
12 shall maintain for each race an unclaimed winnings account which
13 shall show the total amount due on outstanding winning
14 parimutuel horse racing tickets not presented for payment. A
15 statement of the balance of the unclaimed winning account shall
16 be furnished to the board within twenty-four hours after any
17 change in the account balance.

18 (g) Any person claiming to be entitled to any winnings of
19 a parimutuel wager who fails to claim the money due at the
20 completion of the race for which the parimutuel horse racing
21 ticket was purchased, may file a claim with the licensee within



1 ninety calendar days after the day of the race, in a form as the
2 board prescribes, accompanied by the valid winning ticket. If
3 the claimant establishes a right to the winnings of the
4 parimutuel wager, the licensee shall pay the winnings to the
5 claimant. At the expiration of the ninety-day period, the
6 holder of a winning ticket shall possess no right to any portion
7 of the winnings. Any unclaimed winnings remaining after the
8 expiration of the ninety-day period shall be transmitted to the
9 board for deposit into the state general fund.

10 (h) The licensee shall not make any payment to anyone
11 claiming the winnings of a parimutuel wager, except upon the
12 presentation of a valid, clearly identifiable winning ticket.

13 (i) The licensee shall operate one pool for all parimutuel
14 wagering facilities statewide.

15 (j) Notwithstanding sections -12, -13, and -14, no
16 parimutuel wagering shall be allowed in the State until a horse
17 racing facility has actually been constructed and has become
18 operational in the State.

19 **§ -12 Interstate wagering; common pools.** (a) Subject
20 to section -11(j) and applicable federal laws, including but
21 not limited to the Interstate Horseracing Act of 1978 (15 U.S.C.



1 §3001, et seq.), as amended, the board may permit the licensee
2 to participate in interstate common pools, including common
3 pools which may include international jurisdictions. All
4 provisions of law governing parimutuel betting under this
5 chapter shall apply to parimutuel betting in interstate common
6 pools except as otherwise provided in this section or in the
7 board's rules.

8 (b) Participation in a common pool solely as a sending
9 track or as a receiving track shall not cause that track to be
10 deemed to be doing business in this State, or in the other
11 state, for any purpose.

12 **§ -13 Where licensee is receiving the race from a**
13 **sending racetrack in another state.** (a) Subject to section
14 -11(j) and with the prior approval of the board, the
15 licensee, who is permitted to accept wagers in this State on
16 horse races conducted at racetracks located outside this State,
17 may combine parimutuel pools in this State with comparable pools
18 at the sending racetrack. Notwithstanding any other provision
19 of this chapter and subject to the approval of the board, the
20 types of wagering, takeout, distribution of winnings, and rules
21 of racing in effect for parimutuel pools at the sending



1 racetrack shall govern wagers placed in this State and merged
2 into the interstate common pool. Breakage for interstate common
3 pools shall be calculated in accordance with the law or rules
4 governing the sending racetrack, and shall be distributed
5 between participating jurisdictions in a manner agreed to
6 between the licensee and the sending racetrack.

7 (b) With the prior approval of the board and concurrence
8 of the sending racetrack, an interstate common pool may be
9 formed among the licensee and other receiving persons or
10 entities in any state other than the state in which the sending
11 racetrack is located. For such an interstate common pool, the
12 board may approve the types of wagering, takeout, distribution
13 of winnings, rules of racing, and calculation of breakage which
14 are different from those that would otherwise be applied in this
15 State but are consistent for all parties to the interstate
16 common pool.

17 (c) The licensee may deduct from wagers placed in any
18 interstate common pool any fee to the person or entity
19 conducting the race for the privilege of conducting parimutuel
20 wagering on the race, payment of costs incurred in transmitting



1 the broadcast of the race, and participation in the interstate
2 common pool.

3 (d) Provisions of law or contract, if any, governing the
4 distribution of shares of the takeout, from wagers placed in
5 this State in separate parimutuel pools on races run in another
6 state, either to this State as parimutuel taxes or respectively
7 to breeder awards and to purses in this State, shall remain in
8 effect for wagers placed in interstate common pools; provided
9 that:

10 (1) If the board approves an adjustment in the takeout
11 rate, the distribution of the takeout within this
12 State shall be adjusted proportionately to reflect the
13 adjustment in the takeout rate; and

14 (2) With the concurrence of the licensee and the
15 organization representing a majority of the breeders,
16 the respective share to breeder awards or to purses
17 may be modified.

18 § -14 Where licensee's racetrack is the sending
19 racetrack. (a) Subject to section -11(j) and with the prior
20 approval of the board, the licensee may permit one or more of
21 its races to be utilized for parimutuel wagering at one or more



1 locations in other states, may transmit audiovisual signals of
2 races the licensee conducts to one or more locations outside the
3 State, and may also permit parimutuel pools in other states to
4 be combined with its comparable wagering pools or with wagering
5 pools established by other states. The board may amend its
6 rules and adopt separate rules governing interstate common
7 pools, and adopt rules to provide for interstate common pools
8 governing the calculation of breakage.

9 (b) Parimutuel taxes shall not be imposed upon any amounts
10 wagered in an interstate common pool other than upon amounts
11 wagered within this State.

12 (c) Provisions of law or contract, if any, governing the
13 distribution of shares of the takeout, from wagers placed in
14 other states in separate parimutuel pools on races run in this
15 State, respectively to breeder awards and to purses in this
16 State, shall remain in effect for wagers placed in interstate
17 common pools; provided that with the concurrence of the licensee
18 and the organization representing a majority of the breeders,
19 the respective share of breeder awards or purses may be
20 modified.



1 **§ -15 Application for pilot project license; fee.** (a)

2 Applications for a license to conduct parimutuel horse racing at
3 a parimutuel horse racing facility shall be filed with the
4 board. The application shall set forth any information as
5 requested by the board in its rules.

6 (b) The application for the license shall be accompanied
7 by a license fee in the form of a certified check on a bank
8 maintaining an office and licensed to do business in Hawaii in
9 an amount equal to \$500. The license fee shall be deposited
10 into the administrative fund established in section -7.

11 **§ -16 Criteria for license; selection of licensee.** (a)

12 Pursuant to section -3, the board shall select a qualified
13 individual, and award that individual a license to conduct
14 parimutuel wagering at a parimutuel horse racing facility in the
15 State; provided that:

16 (1) The licensee shall have not less than twenty-five
17 years experience in the parimutuel horse racing
18 industry;

19 (2) The licensee shall hold or have held not less than six
20 different parimutuel horse racing industry licenses,
21 with at least three licenses in the area of equitation



1 and at least three licenses in the area of operations,
2 issued by an existing state horse racing board and
3 validated by the Federal Gaming Commission; and

4 (3) The licensee shall be legally domiciled in the State
5 for not less than ten years.

6 (b) The selection of a licensee shall be made pursuant to
7 the rules established by the board; provided that the rules
8 promote the integrity and quality of the activity, the
9 convenience of the public, and efficiency of operation.

10 **§ -17 Criminal history record checks.** (a) The board
11 shall develop procedures for obtaining verifiable information
12 regarding the criminal history of persons whom the board is
13 authorized to investigate. These procedures shall include a
14 criminal history record check to determine suitability for
15 employment.

16 For purposes of this section, "criminal history record
17 check" means an investigation based on fingerprints obtained by
18 a law enforcement officer and other identifying information by
19 means of:



1 (1) A national search of the individual's criminal history
2 record information conducted through the Federal
3 Bureau of Investigation; and

4 (2) A search of the individual's state criminal history
5 record information conducted through the Hawaii
6 criminal justice data center.

7 (b) The board shall not request a criminal history record
8 check of any person unless that person:

9 (1) Provides a set of fingerprints obtained by a law
10 enforcement agency; and

11 (2) Provides a signed statement:

12 (A) Containing the person's name, address, and date
13 of birth as appearing on a valid identification
14 document;

15 (B) That states that the person has not been
16 convicted of a crime, or, if the individual has
17 been convicted, contains a description of the
18 crime and the particulars of the conviction;

19 (C) Notifies the person that the board may request a
20 criminal history record check under subsection
21 (a); and



1 (D) Notifies the person of that person's rights to
2 obtain a copy of the criminal history record
3 check report, challenge the accuracy and
4 completeness of the report, and obtain a prompt
5 determination of the validity of the challenge
6 before a final determination is made by the
7 board.

8 (c) The board may hire or approve an applicant
9 provisionally prior to the completion of the criminal history
10 record check if, at all times prior to receipt of the criminal
11 history record check, the individual is under the direct
12 supervision of someone whose criminal history record check has
13 been completed.

14 (d) The board may refuse to employ or approve, or may
15 terminate employment or approval of, any person if:

16 (1) The person has been convicted of an offense that bears
17 on the individual's fitness for employment in the
18 gaming industry or other function for which board
19 approval is required;

20 (2) The individual's criminal history record information
21 indicates that the person may pose a threat to the



1 public interest; threatens the effective regulation
2 and control of gaming; or enhances the dangers of
3 unsuitable, unfair, or illegal practices, methods, or
4 activities in the operation of gaming or the carrying
5 on of the business and financial arrangements
6 incidental to gaming; or

7 (3) The individual has been convicted of or pleaded guilty
8 or nolo contendere to a felony or any gaming offense
9 in any jurisdiction or to a misdemeanor involving
10 dishonesty, fraud, or misrepresentation in any
11 connection or any offense involving moral turpitude.

12 **§ -18 Grounds for refusal to award a license.** The board
13 may refuse to grant a license to the applicant if the applicant:

14 (1) Is a partnership, corporation, limited liability
15 company, firm, association, or other entity that is
16 not duly authorized to conduct business within the
17 State;

18 (2) Has any individual member who has been convicted of a
19 crime involving moral turpitude, or is in whole or in
20 part controlled or operated, directly or indirectly,



- 1 by a person who has been convicted of a crime
- 2 involving moral turpitude;
- 3 (3) Has violated any of the provisions of this chapter or
- 4 any rule of the board or any law or rule relating to
- 5 gambling or parimutuel wagering in any other
- 6 jurisdiction;
- 7 (4) In the opinion of the board, should not be granted a
- 8 license in the best interest of the safety, welfare,
- 9 health, peace, and morals of the people of this State;
- 10 or
- 11 (5) Has made a false statement of a material fact to the
- 12 board.

13 **§ -19 Termination of engagement.** The licensee shall not
14 terminate or discontinue the engagement, employment, or
15 activities in preparation for, or in connection with, the
16 establishment of parimutuel horse racing, or otherwise refuse to
17 cooperate or participate, unless the board is given notice in
18 writing at least thirty days prior to the termination or
19 discontinuance. The board, upon notification of all interested
20 parties, may conduct hearings with respect to the termination or
21 discontinuance.



1 **§ -20 No transfer of license.** No license issued under
2 this chapter shall be transferred.

3 **§ -21 Subcontracting for services.** The licensee may
4 subcontract all or part of the services for which it is
5 licensed; provided that all subcontracts shall be subject to
6 board approval.

7 **§ -22 Revocation of license.** (a) The board may revoke
8 the license upon any of the grounds upon which the board could
9 refuse to issue the license under section -18, or if the
10 licensee fails to pay to the board all sums required under this
11 chapter.

12 (b) A license shall be revoked only after reasonable
13 notice and opportunity for hearing pursuant to chapter 91.

14 (c) Revocation of the license shall constitute a
15 forfeiture of all rights and privileges granted by the board.

16 **§ -23 Liability insurance.** The licensee shall carry
17 public liability insurance written on an approved form by a
18 company licensed to do business in this State.

19 **§ -24 Surety bond.** The licensee shall provide and
20 deliver to the board a bond signed by a surety company
21 authorized to do business in this State in a form as the board



1 requires. The bond shall be in the amount required by the board
2 but shall not be less than \$250,000. The bond shall require the
3 licensee to:

- 4 (1) Pay to the State all moneys due under this chapter;
- 5 (2) Pay and discharge all obligations to the employees,
6 subcontractors, and other persons furnishing services,
7 labor, and materials in connection with the
8 construction, operation, maintenance, and repair of
9 the parimutuel horse racing system;
- 10 (3) Conduct the parimutuel horse racing in strict
11 accordance with this chapter and the rules of the
12 board; and
- 13 (4) Comply with all laws of the State.

14 The attorney general shall prosecute all actions relating to the
15 bond on behalf of the State."

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

19 "§712- Parimutuel wagering exemption. Parimutuel horse
20 race wagering conducted in conformance with chapter shall
21 not constitute an offense under this part."



S.B. NO. 1373

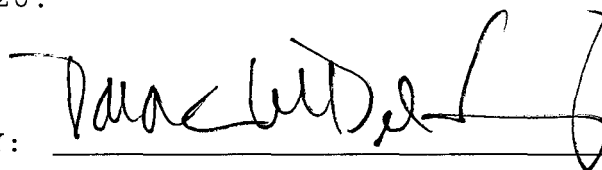
1 SECTION 4. This Act does not affect rights and duties that
 2 matured, penalties that were incurred, and proceedings that were
 3 begun, before its effective date.

4 SECTION 5. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2015, and
 6 shall be repealed on June 30, 2020.

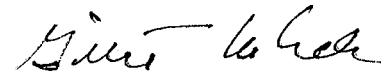
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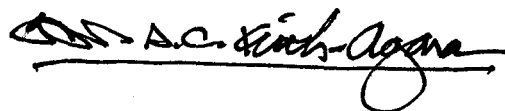














S.B. NO. 1373

Report Title:

Horse Racing; Wagering; Authorization; Regulation; 5-Year Pilot Project

Description:

Establishes a horse racing board in DCCA. Authorizes a parimutuel wagering pilot project for 5 years. Establishes a formula to distribute wagering proceeds.

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

