

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 935

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 935 entitled:

"A BILL FOR AN ACT RELATING TO GAMBLING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Prohibit advertisements for Nevada hotels, resorts, or other recreational services that promote casinos or gambling devices licensed by the Nevada Gaming Commission from being broadcast, televised, marketed in printed publications or displays, distributed online, or otherwise communicated by electronic means within the State; and
- (2) Impose a general excise tax on persons engaged in the arrangement, provision, or sale within the State of vacation packages or other recreational services that promote gambling or gambling devices that is not prohibited by state law of thirty per cent of gross income due to that activity.

Your Committee received testimony in support of this measure from three individuals. Your Committee received testimony in opposition to this measure from Vacations Hawaii and two individuals. Your Committee received comments on this measure



from the Department of Taxation, Department of the Attorney General, and Tax Foundation of Hawaii.

Your Committee finds that there are an estimated twenty-four thousand people in the State who struggle with compulsive gambling. According to the Las Vegas Convention and Visitors authority, approximately three hundred thousand passengers fly from Hawaii to Las Vegas each year. Despite the alarming number of people with gambling addictions, there is a lack of help in the State for people affected by gambling addiction. Therefore, this measure seeks to address these issues.

Your Committee acknowledges the testimony of the Department of the Attorney General, which notes that this measure's prohibition on advertisements for Nevada hotels, resorts, or other recreational services that promote casinos could be an unconstitutional restriction of commercial speech. Your Committee also notes that while this measure is designed to address gambling addiction, it does not direct funds for gambling addiction treatment programs. Therefore, this measure requires amendments to address these concerns.

Accordingly, your Committee has amended this measure by:

- (1) Deleting section 2 of this measure which would have prohibited advertisements for Nevada hotels, resorts, or other recreational services that promote casinos or gambling devices licensed by the Nevada Gaming Commission from being broadcast, televised, marketed in printed publications or displays, distributed online, or otherwise communicated by electronic means within the State;
- (2) Establishing a Gambling Addiction Special Fund within the Department of Human Services for the treatment of gambling addiction for Hawaii residents;
- (3) Inserting a provision directing the funds collected from the general excise tax established by this measure to the Gambling Addiction Special Fund;
- (4) Blanking out the percentage of the tax to be levied and assessed by this measure;



- (5) Inserting an effective date of July 1, 2050, to encourage further discussion;
- (6) Amending section 1 to reflect its amended purpose; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 935, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 935, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



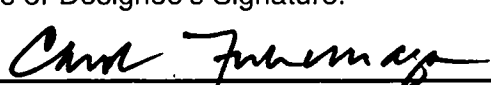
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TERRETT KEOHOKALOLE, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 935</b>	Committee Referral: <b>CPN, WAM/JDC</b>	Date: <b>2/9/23</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton			✓	
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:                    Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes