



**Hawaii House of Representatives  
Committee on Finance**

**Testimony in Support of HB 1308 HD2**

**February 24, 2025**

Chair Yamashita and members of the House Committee on Finance, thank you for the opportunity to provide testimony in support of HB 1308 HD2.

My name is Kathleen (Kate) Owen, and I am an attorney with the law firm Orrick, Herrington & Sutcliffe. I represent the Sports Betting Alliance (“SBA”), and I am submitting this testimony on their behalf. The SBA is a trade organization comprised of many of the top sports betting operators in the country—BetMGM, DraftKings, Fanatics, and FanDuel. Taken together, our membership is active in nearly all of the 33 U.S. jurisdictions<sup>1</sup> with legal online sports betting.

Nearly four-fifths of the states now offer some form of sports betting, which is a remarkable development since sports betting was restricted to only a handful of states prior to 2018. However, the rapid adoption of sports betting by state legislatures since the Supreme Court struck down that restriction comes as no surprise. Allow me to highlight three reasons why.

First, there is a robust illegal sports betting market that thrives in the absence of a legal, regulated framework. The American Gaming Association estimated in 2022 that Americans wager \$63.8 billion dollars each year in the illegal sports betting market<sup>2</sup>—which works out to nearly \$300 million wagered in Hawaii alone. This money is being wagered with offshore websites and illegal bookies with no oversight, consumer protections, or revenue generated for the state. The illegal and unregulated market continues to grow around the country in states without a legal alternative, and Hawaii is no exception.

Second, sports wagering is offered safely and responsibly by reputable operators in jurisdictions where it is legal. These operators implement robust measures with regard to identity verification,

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<sup>1</sup> Thirty-one states plus the District of Columbia and Puerto Rico, including Missouri where voters approved legal online sports betting in November 2024, and it is expected to go live later this year.

<sup>2</sup> *Sizing the Illegal and Unregulated Gaming Markets in the United States*, American Gaming Association, November 2022. Available at [americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf](https://americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf)

consumer protection, responsible gaming, and game integrity that are not present in the illegal market.

Third and finally, states stand to generate significant revenue by putting a regulatory framework in place around this activity. By channeling this activity into the legal market and building a robust and responsible market for sports betting, Hawaii stands to gain millions per year in additional tax revenue. In addition to Hawaii residents, Hawaii welcomes approximately 10 million tourists each year, which will create additional tax revenue potential.

A regulated, competitive mobile sports betting market would replace the predatory, illegal platforms and bookies already operating in Hawaii and generate new revenue for the state through a policy that has the support of constituents. According to a 2022 poll conducted by Anthology Research, 73% of Hawaii residents support legalizing and regulating online sports wagering in Hawaii for adults 21 years of age or older to generate annual tax revenue.<sup>3</sup>

It is also important to highlight that despite purported studies and news stories to the contrary, the reality is that approximately 97% of individuals gamble responsibly. The vast majority of participants view sports betting as a form of entertainment that enhances their sports viewing experience. And the experts have reached the same conclusion. For example, the National Council on Problem Gambling (NCPG) has found that severe problem gambling affects only an estimated 1% of the population nationwide.<sup>4</sup> Two states studied their own problem gambling rates after they legalized sports betting and found them to be consistent with those nationwide rates.<sup>5</sup> One of the states concluded that “[c]onsidering that legal gambling availability has continued to increase both in [the state] and North America more generally beyond the early 2000s, the present fairly low rate of problem gambling illustrates that populations tend to adapt to the presence of legalized gambling over time.”<sup>6</sup>

In their February 12, 2025 testimony on this bill, the NCPG advised that an estimated 2.2% percent of the adult population in Hawaii currently struggles with problem gaming, which is consistent with the relatively static national average as well as the rates found in legal sports betting states, despite the fact that gambling is not legal in Hawaii. This means that the individuals in Hawaii who are currently struggling are doing so in the dangerous illegal market. HB 1308 HD2, however, includes extensive problem gaming provisions and consumer protections, including a provision requiring a to-be-determined percentage of taxes collected to

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<sup>3</sup> Specifically, the Anthology Research survey inquired whether participants support this legalization “to generate annual tax revenue which can be used to improve Hawaii schools and to fund other critical priorities for the islands.”

<sup>4</sup> FAQs: *What is Problem Gambling?*, The National Council on Problem Gaming. Available at <https://www.ncpgambling.org/help-treatment/faqs-what-is-problem-gambling/>

<sup>5</sup> Connecticut found a problem gaming rate of 1.9% and Indiana a rate of between 1.3-2.3%. *Study: Connecticut Problem Gambling Declines Over Past Three Decades*, SBC Americas, February 22, 2024. Available at <https://sbcamericas.com/2024/02/22/connecticut-study-gambling-residents/>

<sup>6</sup> *Adult Gambling Behaviors in Indiana 2022*, Prevention Insights at the Indiana University School of Public Health, 2022. Available at [https://ipgap.indiana.edu/documents/2022\\_Adult\\_Gambling\\_Behaviors\\_in\\_Indiana.pdf?\\_gl=1\\*oagzyh\\*\\_ga\\*MTI3NDQwMDk2LjE2O\\_DkwNDM3NDQ.\\*\\_ga\\_61CH0D2DQW\\*MTY4OTA0Mzc0NC4xLjAuMTY4OTA0Mzc0NC42MC4wLjA.&\\_ga=2.262835852.146966882.3.1689043745-127440096.1689043744](https://ipgap.indiana.edu/documents/2022_Adult_Gambling_Behaviors_in_Indiana.pdf?_gl=1*oagzyh*_ga*MTI3NDQwMDk2LjE2O_DkwNDM3NDQ.*_ga_61CH0D2DQW*MTY4OTA0Mzc0NC4xLjAuMTY4OTA0Mzc0NC42MC4wLjA.&_ga=2.262835852.146966882.3.1689043745-127440096.1689043744)

be deposited into a problem gambling prevention and treatment fund, which will be a benefit to all residents of Hawaii. Additionally, the bill requires that all operators be required to conspicuously display in all advertising for sports wagering the availability of the toll-free helpline “1-800-GAMBLER,” which spreads the message that this resource is open to everyone who needs help.

There have also been allegations that sports betting leads to more violent crime. This is simply not based in fact. We can point to several states, including Arizona, Connecticut, Delaware, Illinois, and New Jersey, that have experienced a *decrease* in violent crime after legal sports betting launched. In fact, based on FBI data, nine out of the ten states with the lowest rate of violent crime have legal and regulated sports betting.<sup>7</sup>

Opponents of legal sports betting have also cited a study finding that unexpected game losses by the home team on a Sunday increase intimate partner violence (“IPV”) more in states where sports betting is legal than in states where sports betting is not legal. But this study suffers from numerous flaws, including the fact that the authors’ reported increase from the baseline is so small and statistically insignificant that it could be driven by randomness and coincidence—showing a purported change in IPV from 4.17 per 1 million people up to 4.21 per 1 million people. This suggests that the study shows minimal correlation at best but certainly not causation between sports betting and violence—the study does not even analyze whether the individuals involved in IPV had placed bets.

Similarly, the assertion that sports betting leads to higher rates of bankruptcies and other markers of financial distress is not based on a sound empirical foundation. Opponents have cited population or state-level surveys that, just like the IPV study, try to ascribe correlation to causation. Notably, these studies—purporting to show higher credit card delinquencies, lower savings, or higher rates of bankruptcy—fail to test or control for external variables and larger macroeconomic factors driving such results, including inflationary and other cost pressures. For example, it is important to note that the timing of legalization of sports betting in many states coincided with the COVID-19 pandemic. Thus, changes in behavior and personal finances during COVID may be correlated with the timing of the launch of sports betting, leading to biased or overstated results. Critically, none of them determine whether the additional individuals or households that experienced financial distress ever participated in online sports betting—leaving any connection to sports betting speculative and tenuous at most.

The authorization of the legal market removes the stigma that some may feel when struggling with problem gambling in the illegal market and opens an invaluable door for those who need help.<sup>8</sup> While it is true that call-center traffic often increases when online sports betting is

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<sup>7</sup> *Low Violent Crime*, US News & World Report, accessed on Feb. 22, 2025. Available at [https://www.usnews.com/news/best-states/rankings/crime-and-corrections/public-safety/violent-crime-rate#google\\_vignette](https://www.usnews.com/news/best-states/rankings/crime-and-corrections/public-safety/violent-crime-rate#google_vignette)

<sup>8</sup> The increased visibility of the 1-800-GAMBLER number that accompanies the entrance of the legal market allows for people whose addiction predates legalization to engage with it, and it can also serve as a resource for people whose gambling problems have nothing to do with sports betting. Robert Williams, Executive Director of the New York State Gaming Commission, emphasized in his 2023 testimony before the New York Senate that the “advertising by mobile sports wagering companies has resulted in

legalized, regulators and experts have cautioned that this does not necessarily correlate to an increase in problem-gaming cases. Rather, many calls are coming in from people seeking information such as winning lottery numbers (in states where the lottery is legal), technology help with apps, or customer service, rather than treatment. The Executive Director of the NCPG has called call volume a “fairly weak predictor of gambling addiction.” The above findings are consistent with rates observed across the U.S., suggesting there is no evidence of a significant increase in problem gambling as a result of legalization.

Finally, the SBA respectfully requests two small technical amendments to language that was included in the bill during drafting:

- On Page 1, Lines 8-12, we request that part of the definition of “Adjusted gross sports wagering receipts” be amended as follows:
  - “Adjusted gross sports wagering receipts” means gross sports wagering receipts less the total of all sums actually paid out as winnings to patrons, including the monetary value of any merchandise or thing of value awarded as a prize, and ~~subject to~~ federal income excise tax.”
  - The inclusion of “federal excise tax” is a necessary component to the calculation of adjusted gross sports wagering receipts since the federal government imposes a 0.25% excise tax on the amounts wagered on legal sports betting.
- On Page 44, Line 19, we request that “taking” be changed to “staking.” Staking means wagering a sum of money or something else of value gambled on the outcome of a game or event, and is it is frequently used in connection with gaming, whereas the use of “taking” is unclear in this context.

The SBA supports HB 1308 HD2 and the framework that it would establish to regulate sports betting in Hawaii. Thank you again for the opportunity to testify.



LATE \* Testimony submitted late may not be considered by the Committee for decision making purposes.

# Iron Workers Stabilization Fund

T. George Paris  
Managing Director

February 24, 2025  
10:00 am

House Committee on Finance

CR 308 & Videoconference

Re: Support for HB1308HD2-Gambling:Sports Wagering: Fantasy Sports: DBEDT

Aloha Chair, Yamashita, Vice-Chair Takenouchi and members of House Committee on Finance

The Ironworkers Stabilization Fund respectfully submits this testimony in strong support of the legalization of sports wagering within the State of Hawaii.

The urgency of this matter is underscored by the 2024 ALICE (Asset Limited, Income Constrained, Employed) report, which reveals a deeply concerning trend: approximately 180,000 Hawaii residents are actively considering relocation due to escalating financial pressures. This potential exodus poses a significant threat to our state's workforce stability and the integrity of our communities, forcing families to make the difficult decision to leave their homes.

Furthermore, Hawaii is currently navigating a period of fiscal constraint, exacerbated by recent budget reductions. With a substantial portion of our state budget, roughly 20%, reliant on federal funding, we face a precarious financial landscape that demands proactive and sustainable solutions.

The legalization of sports wagering presents a viable strategy for economic diversification and long-term fiscal stability. The implementation of a regulated sports wagering would generate a new, reliable source of tax revenue. This revenue stream can be allocated to address the rising cost of living, bolster critical public services such as education, healthcare, and infrastructure, and stimulate job creation. We must prioritize innovative approaches to keep our people home. The departure or potential departure of Native Hawaiians and long-term residents represents a significant cultural loss.

We acknowledge the concerns regarding the potential impact of sports wagering on Hawaii's cultural fabric. However, we contend our population drop of 15,000 residents a year is already precipitating a profound cultural shift. Moreover, the unregulated and illegal gambling within our communities for over 50 years needs a regulated framework to mitigate its negative impacts. For too long we have kept the pennies home and watched the dollars fly away. We urge this committee to give strong consideration to this bill to **keep local families homes**

Sincerely,  
T. George Paris  
Managing Director

**HB-1308-HD-2**

Submitted on: 2/24/2025 9:38:18 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dwayne Bautista	Individual	Support	Written Testimony Only

Comments:

Chair Yamashita , Vice Chair Takenouchi, and members of the committee, my name is Dwayne Bautista and thank you for the opportunity to provide testimony in STRONG SUPPORT of HB 1308 HD2, Relating to Sports Wagering.

Hawai‘i is facing critical needs, particularly in funding education and essential programs like childcare and addressing homelessness. We urgently require new and sustainable revenue streams to support these vital services. This bill offers a promising avenue to achieve that.

We can look on Maine as a compelling example. Maine shares similarities with Hawai‘i in population and economic structure. Their experience with online sports wagering demonstrates its potential. In just the first six months of operation, Maine generated a remarkable \$239 million in wages, resulting in an estimated \$6 million in new revenue within the first year. This clearly illustrates the financial benefits that sports wagering can bring.

Beyond the revenue generation, HB 1308 HD2 will create valuable job opportunities, particularly in the technology sector. This will contribute to our local economy and provide skilled employment for our residents.

The revenue generated from the taxes on sports wagering will directly benefit Hawai‘i. It will provide crucial funding for our essential programs, allowing us to invest in our future. Furthermore, this initiative will provide our residents with the opportunity to supplement their income, which is particularly critical in today's challenging economic climate, where many struggle to afford necessities.

In conclusion, HB 1308 HD2 represents a responsible and beneficial approach to generating much-needed revenue for Hawai‘i. I urge you to support this bill and help us secure a brighter future for our state. Thank you.