



# LAS VEGAS- “THE NINTH HAWAIIAN ISLAND,” AND HAWAIIANS' FIGHT INSIDE *THEMSELVES* TO LEGALIZE GAMBLING IN THE ALOHA STATE

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**Introduction**

Kahea Fonoimoana scopes out the oncoming liquid  
barrel, waiting patiently for the right time to  
commence his paddling, hoping to catch the wave at

the perfect time. “Howzit brah!?” he yells to his  
fellow Hawaiian, Israel Kealani, who also awaits the  
oncoming wave. The sun is warm, the water clear,  
and the palm trees sway gently in the breeze; a  
perfect day to surf. A host of others suntan on the  
beach, drinking in UV rays as well as daiquiris,  
watching the surfers' attempts to master the crystal  
clear water as it crashes down on the white sand.  
After a few moments, Kahea, almost simultaneously  
commences his paddling, jumps up on his board and  
enters the wave at the perfect time. That is until he  
becomes distracted by the sight of a giant obsidian-  
tinted pyramid, loses his balance and wipes out. For  
a moment there, Kahea felt like he was actually  
surfing the North shore of Oahu, Hawaii. Instead,

upon surfacing, he quickly remembers that he is actually surfing the wave pool at the Mandalay Bay Hotel and Resort in Las Vegas, Nevada, and that the giant pyramid he saw is actually part of the neighboring Egyptian-themed Luxor Hotel.



Although the wave pool is similar to the Hawaiian north shore waves, the rest of Las Vegas is strikingly different. Replacing the howling sound of the Pacific trade winds is the tinkling sound of falling slot-machine coins. Instead of a vast green jungle, a concrete one. The lush, beautiful landscape has been traded in for a desert as brutal as Death Valley. But Kahe still loves Las Vegas, and now calls it home— as do 80,000 other transplanted Hawaiians. Driving around town in Las Vegas, one can see evidence of these numerous Hawaiians as they commonly plaster their vehicles with decals of the Hawaiian islands, the number 808 (the Hawaiians area code), “hawaiianisms” such as ohana, aloha or mahalo, or other common Hawaiian symbols such as the shaka (the hang-loose sign) and the hibiscus flower.

What is it that draws so many Hawaiians to Las Vegas to visit and also to make their home? Is it the relatively cheap cost of living? The warm weather? This paper asserts that while all of the above reasons are probably applicable, one of the most if not the most relevant reasons why Hawaiians come to Las Vegas is to gamble. Hawaii is one of only two states in the United States (Utah being the other) that does not permit any form of gambling. Some say the illegalization of gambling occurred because of the strong religious influence found on the islands. Others argue that it is to prevent addiction, poverty, and crime. Whatever the reason may be, the truth is that the aforementioned illegalization has forced thousands of Hawaiians east, seeking to get lucky in their neon paradise, Las Vegas.

This paper will proceed by first examining the fairly recent influx of Hawaiians to Las Vegas; specifically, the economic, social, and gambling-related reasons why so many have come in recent years. Next, this paper will address the issue of why there is no gambling in Hawaii, the recent efforts to legalize it and the staunch efforts to combat proposed legalization. Finally, the author will propose an argument as to why Hawaii has not legalized gambling yet; specifically, that Hawaiians are so firmly rooted in tradition that it sometimes prevents them from making hard decisions that could financially benefit the whole state, and that legalized gambling could be done in a way that pacifies both sides of the gaming debate.

### “Book'em, Danno”

Anyone familiar with the timeless crime drama *Hawaii Five-O* would recognize the above language as that of former U.S. Naval Officer Steve McGarrett instructing his young apprentice and police officer, Danny Williams, to arrest the captured villain in each particular episode. Now, that phrase no longer has relevance to booking criminals in Hawaii, but rather booking Hawaiians in Las Vegas Hotel rooms. In 2002, it was estimated that nearly a quarter-million Hawaiians visit Las Vegas

every year a number almost one-fifth of the Aloha State's population. More than half of those visitors stay at the California Hotel (known as simply “the Cal” by Hawaiians) or at the Fremont and Main Street Station Casinos. As of 2011, it is estimated that 3,000 Hawaiians visit Las Vegas every week, visiting as many as 5 or 6 times a year and spending an incredible \$100 million dollars every year in Nevada. The “Cal” has turned into a Polynesian cultural mecca, complete with lua-themed dinners, dealers and security guards dressed up in aloha shirts, Hawaiian-



themed slot machines and games, as well as local foods and music. Even island high schools have their reunions in the “Cal;” 40 reunions alone in 2002. It is not by pure happenstance that the California Hotel and other properties have turned into Hawaiian stomping grounds. Rather, casino





executives have made calculated efforts to cater their products and properties to the Hawaiian people. The pioneer in such catering was Sam Boyd, father of Boyd Gaming Corporation, which owns and operates the California Hotel. In the early 1970's, Boyd originally imagined the California hotel as being a destination catering to Southern Californians, with a western Gold-Rush theme. However in 1975, Boyd decided to change the focus of the California to instead cater to Hawaiians. He, after all, had lived in Hawaii from 1935 to 1940 and was quoted as saying, "I know the Hawaiians, and we will make the California their home away from home." This started an aggressive campaign to attract Hawaiians, including a package available only to Hawaiians that included four nights and five days in the hotel, along with three meals a day, for only \$9.70. Such a low price would be counterbalanced by the Hawaiians love for gambling, his thought was.

The marketing scheme directed at Hawaiians continues today, exemplified by the website for the California Hotel being named just [www.thecal.com](http://www.thecal.com). On that website, under the news tab, is a picture of a Hawaiian couple holding a check for \$104,738.08



with the words "Could you be next?" at the bottom. Pictured with the couple are three gentleman, two of which are dressed in aloha shirts. Additionally, on the second page of the *News at the Cal Winter 2011*, a digital magazine found on their website, is a sizable advertisement for the 14<sup>th</sup> Annual Lei Day Polynesian Festival, which will include "entertainment by Hawaiian and Polynesian musicians and dancers . . . and food and beverage vendors [from] the very best of Hawaii." Boyd Gaming is not the only casino corporation attempting to attract Hawaiians to its property. The Silverton Casino Lodge offers a "Pure Aloha Room Package" containing a two-night stay, two tickets to a concert with either J. Boog, Fiji & Bonafide, or Kapena (all Hawaiian reggae

musicians), 2 tickets to the Pure Aloha Festival, and 2 passes to the Seasons Buffet (which features Polynesian-style cuisines)...all for \$280. The Las Vegas Hilton is sponsoring a mixed-martial arts event called the Las Vegas MMA Tropical Storm, which features mixed-marital arts, of course, but also live music by Liquid Roots and Tevakanui, Hawaiian musicians. A recent trip to the Studio B Buffet in the M Resort revealed the availability of Hawaiian dishes such as kalua pork, spam musubi, and other sushi. Surely these are calculated marketing strategies aimed at attracting more

Hawaiians.

Gaming executives also know, however, that the real money is not made at the buffets or concerts but rather at the slot machines. Accordingly, all their

efforts to draw in Hawaiians through the use of Hawaiian music, food, and live entertainment are for one undisputed purpose: to get them to gamble. Because, as Boyd Gaming executive Rick Darnold put it to the Gaming Law class at the William S. Boyd School of Law, "Hawaiians love to gamble!"

Aside from the tourist Hawaiians that populate the Vegas casinos are those like Kahea Fonoimoana who populate Vegas' communities. So many of these transplanted Hawaiians have come in recent years that many Hawaiians refer to Las Vegas as the "Ninth Hawaiian Island," a phrase made popular by Hawaiian-born army officer Mel Ozeki, who retired to Las Vegas and started a magazine for expatriates called "Ohana." In fact, according to the latest U.S.

and raise their families here.

While many of the middle-aged generation of Hawaiians came here to work, many of the younger generation of Hawaiians have come here to go to school.

UNLV offers young Hawaiians out-of-state tuition discounts under its Western Undergraduate



Exchange Scholarship and many have taken advantage of this opportunity. So much so that there is even a Hawaiian students club at UNLV, appropriately named "Ewalu" (which means "eight" in the Hawaiian language, after the eight islands that make up Hawaii).

In general, Hawaiians find Las Vegas to be a home away from home. The cultural ties are strong here, given the Lei Day Festival and the Pure Aloha Festival (which draws more than 20,000 attendees), as well as several Hula schools and the Las Vegas Hawaiian Civic Club. In addition, Las Vegas is the only city on the "mainland" to have the presence of the ever-popular Hawaiian

convenience store chain, ABC Storesfive of them to be exact. And, Las Vegas is home to eight L&L Hawaiian Barbecue restaurants, second on the mainland only to California. Apart from the social, economic, and cultural reasons that Hawaiians have moved to Las

Vegas is the other reason that many Hawaiians have moved here, which is to do something they couldn't in their home land that is, gamble. The next section will explore the

reasons why gambling is not legal in Hawaii why might possibly explain why so many Hawaiians come to Las Vegas to gamble.



Census Bureau 2010, Hawaiians and other Pacific Islanders made up the second-fastest growing racial group in Nevada, behind only Hispanics. Many of the now resident Vegas Hawaiians came during the casino boom of the early 2000's. Most came from middle-class working backgroundshotel workers, construction workers, culinary professionals, retired police officers, etc.looking to escape the financially-strapped state of Hawaii. The tourist boom had steadily decreased in the Aloha state in recent years and the cost of living had steadily increased, forcing many to look elsewhere to live. For example, in 2002, the median house price in Nevada was \$152,000, the median price in Hawaii, \$345,000. That gap has widened even more since the housing bubble burst in Nevada in 2007. A box of cereal costs anywhere from \$2-4 in Nevada, and around \$6 in Hawaii. A gallon of milk: an astonishing \$6.50 in Hawaii, compared to the \$2.50 price in Nevada. Such a wide disparity in the cost of living attracted many Hawaiians to Las Vegas to buy homes, work,



### **Alooooohaaaa! To Gambling**

In the Hawaiian language, “aloha” means hello and goodbye. Over the past several years, pro-gaming and anti-gaming parties alike have used the term to either welcome the idea of gambling (the former), or to say good riddance to the idea (the latter). As previously stated, Hawaii is one of only two states in the U.S. that does not allow any type of gambling. Specifically, if a “person knowingly advances or participates in any gambling activity” they can be charged with a “misdemeanor.” H.R.S. § 712-1223. In Hawaii, “gambling” is defined as “stak[ing] or risk[ing] something of value upon the outcome of a contest of chance or a future contingent event not under his control or influence, upon an agreement or understanding that he or someone else will receive something of value in the event of a certain outcome. H.R.S. § 712-1220.4. There is a seemingly never-ending debate that occurs in Hawaii regarding the pros and cons of legalizing gambling. Many draw on economic, fiscal, and practical reasons for supporting or not supporting the legalization. Others draw on religious, moral, and social-policy reasons for supporting or not supporting it. Whatever there reasons might be, both sides are extremely passionate and both have articulated compelling arguments to bolster their position. This section will proceed by first examining the anti-gaming advocates, their justifications and arguments, and then conclude with the pro-gaming advocates and their justifications and arguments.

#### **(A) Anti-Gaming Advocacy**



There was not always a staunch anti-gaming presence on the Islands; in fact, in the days of the Hawaiian Kingdom, betting on horse racing was a common occurrence. However, in the 1820's, Mormon, Protestant and Catholic missionaries began arriving in Hawaii, converting thousands to Christianity. Some say that that act alone instilled in the natives a sense of morality that would not permit them to gamble anymore. That strong Christian presence continues to this day with almost 61% of all Hawaiians identifying themselves as Christians, while the two largest religions in Hawaii are the Catholic Church (with over 240,000 members) and the Church of Jesus Christ of Latter-Day Saints (with over 68,000 members). Many church leaders argue that the legalization of gambling would promote addiction and immorality, as well as ruin families and individuals.



The Hawaiian Coalition Against Legalized Gambling, while not a religious institution itself, is supported by several religious organizations and other organizations, and actively combats the promulgation of legalization. Specifically, it is made up of civic, conservation, education, environment, law enforcement, political, public health, religious, senior citizen, and youth organizations. Its two-fold purpose is to: “1) educate the public on the overwhelming negative impact of legalizing gambling; [and] 2) defeat any attempts to introduce legalized gambling into the State of Hawaii.” Additionally, their slogan is “Don’t gamble with Aloha!” implying that the introduction of gambling on the islands would interfere with the aloha spirit, the very essence of Hawaiians. It’s almost as if the Coalition believes Hawaii would lose some of its mystery, beauty, and overall goodness if the

presence of a moral vice such as gambling were introduced on her shores. Diane Kay, president of the Coalition, put it best when she said that shutting people up in a casino would destroy "the beautiful ambiance we have here." It is well documented that gambling can cause some participants to become problem gamblers, and that problem gaming has and will continue to tear apart families and individuals' lives. With this focus in mind of the addictive side of gambling, the Coalition bases their anti-gaming efforts, as opposed to focusing on gambling as being a spiritual sin. They are very practical in their analysis, focusing on the social not religious ills of gambling as evidenced by their previously mentioned two-fold purpose. Violet Horvath, first vice president of the Coalition, has had first-hand experience with the social ills of gambling. Her mother was a problem gambler and her father was a social gambler



and her family was ruined because of it. The Coalition argues that studies show that legalized gambling leads to higher high-school dropout rates, an increase in child abuse cases, as well as the aforementioned gambling addiction and family discord.

Another strong argument is made by the Hawaiian law enforcement who claim that

legalizing gambling would lead to higher crime, drug abuse, and prostitution. Illegal gambling, drug trafficking and prostitution are already occurring within Hawaii's borders and law enforcement fears that *legal* gambling would only encourage more amoral behavior.

For example, in 2009, the Honolulu Police Department made 40 gambling-related arrests and initiated 65 gambling cases. Gordon Knowles, a sociology professor at Hawaii Pacific University, estimates that there are at least a dozen gambling houses operating on Oahu at any time. These houses offer anything from card games, to baccarat, to slot machines. One of the larger gambling houses in



Oahu, the Sheridan, allegedly handled more than \$10,000 worth of bets in a day. It was discovered and shut down by police after a tax evasion charge led them there. Estimates are that illegal gambling is worth \$20-40 million a year on Oahu alone. Knowles' most interesting finding, though, is the idea that gambling is related to other vice crimes, which would support the Hawaiian law enforcement's fears. He says that many drug addicts sell drugs to eventually pay off gambling debts and that others gamble hoping to win money to buy drugs. "It is a

closed circle," he pronounces. Presumably, the same could be said about prostitution: that gamblers try to win money to pay for sex, or that prostitutes have sex to pay off gambling debts, etc. Finally, Knowles argues that gambling makes up almost half of the underground illegal economy, "in the millions." Law enforcement contends that this problem of illegal underground sex, drugs, and gambling would only worsen if gambling were legalized. Surely, legalizing gambling would attract good people who like to gamble and do it legally. However, it would also attract those people who, finding it much easier to gamble, would gamble in order to pay for drugs and sex. It would also encourage those people who, finding it much easier to get into gambling debts, would use sex and drugs to pay off their debts. Legalization would, theoretically, facilitate the closing of the circle that was referenced by Professor Knowles.

Anti-gaming arguments are not limited to crime and morality; rather, anti-gaming advocates have attacked gaming from a fiscal point of view as well. Ron Wall, an extension specialist in family economics and management at the University of Hawaii at Manoa argues that gaming, financially, is never beneficial to an economy. Specifically, Mr. Wall's argument has four main components: 1) gambling is not as benign and "just entertainment" as people like to believe, 2) the general public can literally not afford gambling, 3) gaming can put families in financial





ruin, and 4) gambling fosters irresponsible financial behavior.

His first argument is based on the idea that, although gambling, by society's standards (and thanks to the glitz and glamour of Las Vegas), is generally deemed to be "entertainment," it is not as entertaining and innocent as people believe. He asserts that even though the majority of those that play *will* be losers, people still focus on the winner—the financial reward that can follow those that gamble and the financial benefits that follow those communities that permit gambling. Mr. Wall seems to be attempting to remove the "smoke and mirrors" in showing people the simple fact that gambling produces few winners . . . and many losers.

His second argument is based on the straightforward assertion that, while the general public believes they can afford to gamble, they really can't. He explains that if one were to spend \$300 a year on gambling over the course of their working lives, they would, in theory, be losing \$132,000 in retirement funds. And worse, if one were to spend \$300 quarterly on gambling (which is probably a more realistic number for gambling aficionados), one would lose \$600,000 in retirement funds. People simply cannot afford to lose that much money, he argues. In essence, it is a high-risk, low yield investment for their retirement funds.

Mr. Wall's third argument is that gamblers who gamble away their money are also putting their families at financial risk. Instead of using money for things such as food, emergencies, education, payment of debts, and consumer goods, gamblers are using that money to satisfy their craving to gamble. In a time when families are already struggling to stay afloat financially, any unnecessary expense such as gambling can exacerbate the situation.

Finally, Mr. Wall contends that gambling fosters irresponsible financial behavior in gamblers. Financially irresponsible people spend money that they don't have, assume loans they can't afford, and defer payments that they need to make. Gamblers act in a very similar way: they

spend money that they don't have. Even if they lose, they are driven by the illusion that perhaps they could win. This illusion drives them to spend more money and drives them further and further into financial insecurity.

Yet another argument against the legalization of gambling in Hawaii is the fear that financial success with regard to legalized gambling would not be sustainable. More specifically, would the success be temporary, or does Hawaii have something unique to offer that would allow it to be permanently

competitive with the likes of say, Las Vegas? The saturation of gambling in our society in the form of more casinos, online poker sites, sports betting, etc., only obviates the need for Hawaii to have some sort of unique advantage over the other gambling markets in order to attract people to her shores. David McClain, a professor of economics and business at the University of Hawaii Manoa, says that other questions need to be asked in assessing whether gambling in Hawaii would be "sustainable;" namely, will anything in Hawaii's background allow it to support an industry in the face of

increasing competition and consumer apathy? Does Hawaii have a superior workforce that would attract patrons here? Does it have continued access to capital or outstanding innovation and technology? If the answer is no to most of these questions, then, while gambling in Hawaii could alleviate some current financial issues, in the long run the success would be unsustainable and would end up costing the state more than its worth.

Another argument is that there are many hidden costs of approving gambling in Hawaii that might outweigh the benefits. These hidden costs can be found in the cost of implementing an infrastructure capable of supporting a gambling community,



diversion of money from one industry to the other, the cost of regulating gambling, and associated social costs.

First, infrastructure can be expensive. Roads and highways, parking, public restrooms, accessibility to law enforcement, sewage and other utilities, traffic lights, and hotels/motels would probably all need to be augmented in order to accommodate the increased traffic and tourism. Such augmentation would surely cost millions of dollars. That is



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Second, is the cost of diverting money from one business to feed the need of another business--gambling. Presumably, by spending all their money at casinos, Hawaiians would not be spending their money at other local businesses like restaurants, clubs, natural sites, and other tourist locations. This would inevitably force many "ma and pa" businesses out of business. In essence, all you would be doing is shifting income from one source to another, but there would be no net gain of income.

Third, are the costs of regulating gambling. Nevada has one of the most organized, respected and regulated gaming control systems in the world. However, top-notch quality comes with a price. The Nevada Gaming Control System currently employs approximately 450 people. While 450 employees' salaries are surely expensive, perhaps even more expensive than that are the day-to-day costs of administration and enforcement of gaming regulations. Some of these costs, at least in Nevada, are partially absorbed by the gaming license applicant; however, there

will always be residual regulation costs that might make legalizing gambling less profitable than once thought. If Hawaii wants to become a competitive player in the gambling market, it would most definitely need an effective gaming control system to ensure integrity and legality in the gambling world. However, an effective gaming control system is expensive and legislators considering legalizing gambling would be wise to consider the costs of such a regulatory system as well.

Finally, there are also associated social costs that come with legalizing gambling. For example, many people argue that gambling would bring in more employment opportunities in casinos. While true, the vast majority of employment opportunities in casinos are low-paying jobs, in the form of housekeepers, bellmen, cooks, dishwashers, janitorial workers, etc. However, in areas of a high cost of living, such as Hawaii, low-paying jobs would not conceivably pay the bills and would force those casino workers to rely on the state for welfare. Thus, although a job was created in the private marketplace, the state still bears the cost.

Finally, we examine perhaps the strongest argument against the legalization of gambling in Hawaii; that is, the problem of problem gambling. The Nevada Council on Problem Gambling broadly defines problem gambling as "any gambling behavior that negatively impacts an individual's personal life." On its face, problem gambling might be seen as solely a medium through which people lose money. For example, in a 2007 survey of 11,000 homeless people in Clark County, Nevada, 6% listed problem gambling as their primary reason for being homeless and nearly 21% reported that they had a gambling problem at the time of the survey. It is also true that problem gambling correlates to lost work time, bankruptcies, increased medical costs, unrecovered





loans, assumed debt, etc.

However, the roots of problem gambling reach far deeper than just money. It affects relationships, families, mental, emotional and physical health, as well as the community and government. It can destroy relationships because problem gamblers tend to shut people out of their lives. It can lead to emotional and financial stress, which in turn can lead



to domestic violence. It can lead to divorce. It affects their self-worth because they feel like they just can't defeat their addiction and are helpless without it. It can affect people's mental and emotional health, driving many to suicidal thoughts and impressions. Problem gamblers also tend to put off their physical well being, eating even, in order to satisfy their real craving of gambling. It can lead gambling addicts to crime and amoral behavior in order to satisfy gambling debts or to secure more money to gamble. It can cause otherwise good citizen to become unproductive citizens, focused only on themselves and the thrill of the win and not on the community as a whole. It also can put serious pressure on the government and taxpayers to provide intervention and rehabilitation programs to assist the problem gamblers, a cost that few are happy to bear in this economy.

In sum, problem gambling touches almost every part of the gamblers life. If left unchecked, problem gambling can be the literal ruin of an individual. There exist many out-reach programs, help centers, and literature to assist the recovering problem gambler. However, as the old saying goes: "it is better to prepare and prevent, then repair and repent." The anti-gaming advocates would surely prefer the former, preventing problem gambling by not having legalized gambling in the first place.

#### (B) Pro-Gaming Advocacy

The idea of permitting gambling on Hawaiian shores has made significant strides in the last few years. Especially now in this economy, where taxpayers are pressuring legislators to create jobs and increase state revenue, pro-gaming advocates are being heard more than ever. Even in a historically staunch anti-gaming state such as Hawaii, people are starting to see how legal gambling could help the state. In the 2009 and 2010 legislative session, 11 bills and 9 bills, respectively, were introduced. This 2011 legislative session, 17 were introduced. "Prior to these last three years, there were only a few gambling bills introduced each year, and they were almost never heard," said Diane Kay, president of the Hawaiian Coalition Against Legalized Gambling." The sheer increase in the number of gambling bills introduced this legislative session shows that government leaders are not shying away from the idea of legalizing gambling in Hawaii. Among the proposed bills this legislative session were a bill to establish a casino in Waikiki, a bill to authorize shipboard gambling, one to investigate Hawaii's participation in a multi-state lottery, and another to permit internet poker games and live poker tournaments in Hawaii. Arguments in favor of legalizing gambling in Hawaii are primarily based on two justifications: 1) job creation, and 2) revenue production (including tax revenue), and secondarily based on other things such as the attraction of more tourists, etc. While the two main justifications will be examined, there are also other, more subtle justifications that some advocates are using to bring legalized gambling to Hawaii, which will also be examined.

First, pro-gaming advocates strongly believe that the legalization of gaming will create much-needed jobs in Hawaii. For example, some advocates believe that a casino in Oahu would generate 4,000 jobs alone. That estimate might be understated as well. Just to put it in perspective, City Center in Las Vegas has approximately 12,000 employees. Obviously, Hawaii would not open up the chapter of





important aspect in the casino business. Hawaiians are widely known for their hospitality, good nature, and welcoming personalities and would be generally excellent casino employees.]

While casinos are the most obvious medium through which jobs are created, they are not the only one.

legalized gambling with such an ambitious casino, but even something half the size of City Center would presumably generate 6,000 jobs. That number only includes the number of employees that would work at the casino on a day-to-day basis: the bellmen, dealers, cooks, janitorial, maintenance, security, valet, executives, cleaners, etc. It does not include the thousands of drillers, blasters, steelworkers, pipe layers, machine operators, contractors, and other construction workers that would be needed initially to construct the casino. It also does not include the hundreds of jobs that would be created in the formation of a gaming regulatory system to regulate such an endeavor.

Not only would the building of a casino directly

Shipboard gaming would also generate hundreds of jobs. In addition to all the jobs that on-shore casinos create, an off-shore gaming establishment would also necessitate the creation of jobs for crewmen and seamen knowledgeable in the operation of a massive ship as well as opportunities for fuel providers to supply the ships with fuel. In fact, in 1995, Harrah's Entertainment, Inc. provided Hawaii with a study showing that six ship gaming establishments would create nearly 3,600 direct jobs and 3,220 indirect jobs.

Horse racing would also create jobs of varying skill and diversity. It would require the creation of jobs just to construct the racetrack and then would require groundskeepers, ticket takers, maintenance



create jobs, but it would also indirectly create business for thousands of others. Among those indirectly affected would be vendors hoping to sell their products and services to the casino such as linen companies, gaming device companies, food and beverage companies, cleaning product companies, security system companies, lighting companies, flooring companies . . . the list could go on and on. [As an aside, hospitality and customer service are an

men, restaurant workers, administrative people, etc., to keep the track running. More importantly, it would create local breeding and farming enterprises in an attempt to put on the track the best talent possible. These breeding farms would require the skill of many horse trainers, veterinarians, blacksmiths and farriers, horse food providers, etc.

Online gambling websites would create jobs for



graphic designers, information technology experts, systems managers, game designers, advertising and marketing firms. And *all* these gaming mediums would create thousands of jobs for professionals, including accountants, lawyers, doctors, engineers, etc.

Second, pro-gaming advocates also contend that the legalization of gambling in Hawaii would bring much-needed revenue to the state. It's no secret that there is big money to be had in the gaming industry—the global gaming industry grossed \$335 billion in 2009 alone. In the United States, gambling revenues totaled \$92.3 billion in 2007. And, while gaming revenues in Nevada fell faster in 2009 than any other year in history, Nevada still amassed a respectable \$10.4 billion dollars that year. Moreover, in 2010, Americans spent \$34.6 billion dollars in commercial casinos, three times as much as they spent on U.S. movie box office receipts. When poker and blackjack are out dueling Brad Pitt and Angelina Jolie, you know it is a very lucrative industry. [On a side note, Las Vegas gambling revenue climbed 13% in just March of this year, signaling a firming of the recovery that everyone has been hoping for]. Studies only project that gambling will become more accessible and popular as time goes on, as online gaming and other technological advances push the industry to the next level. So it only makes sense that Hawaii would want some of that money to be funneled to its shores. Revenue to the state could come in a few different ways, including direct revenue, tax revenue, investment and (closely related to investments) stocks.

First and foremost, Hawaii would gain direct revenue from those who come to gamble. According to the American Gaming Association, 62 million people visited casinos in 2009 that is a quarter of the entire U.S. population. Needless to say, there are many people visiting casinos currently. Hawaii would most likely attract hundreds of thousands of people to gamble. Some supporters argue that since Hawaii is already a hugely popular tourist attraction, adding legalized gambling would just be the icing on the top of the cake. While it wouldn't replace the natural beauty and spirit that Hawaii has become so famous for, gambling would compliment it well. It would



give tourists something to do at night, some argue, when they can no longer sightsee and bask on the beach. Also, legalized gambling in Hawaii might be an attraction all by itself to some tourists. They might first come to gamble and then decide to partake in the other attractions that Hawaii has. For example, it is well known that Asians enjoy gambling, evidence of this being the existence of several casinos in Macau in the People's Republic of China including Wynn Macau, Venetian Macau and MGM Grand Macau. Many of these same Chinese, as well as Japanese, literally fly over Hawaii to get to Vegas where they can gamble. If there was gambling in Hawaii, it would surely be a huge attraction for Asians as their flight time and expense would be cut almost in half. Imagine if all of those Asian tourists stopped in Hawaii and gambled there instead of Las Vegas. The pay-off would be huge for Hawaii.

Not only would legalized gambling attract tourist gamblers, it would also attract local Hawaiian gamblers who, as mentioned earlier, already have an acquired affinity for gambling. It is estimated that Hawaiians spend, on average, \$100 million dollars a year in Las Vegas on gambling. That is \$100 million dollars that Hawaii is losing every year by not having a legal form of gambling. The bottom line is that attracting more people to Hawaii equals attracting more money to Hawaii. Supporters argue that by infusing that money into Hawaiian casino and gaming establishments, you would be infusing that money into the overall economy of Hawaii, which would, in turn, increase cash flow in other industries in Hawaii.

Hawaii would also gain a monetary benefit from legalized gambling through the levying of state gaming taxes. The State of Nevada earned an astronomical \$835 million dollars off of state gaming taxes in 2010 alone. Most other states that have legalized gambling earned in the hundreds of millions of dollars as well. Even more astonishing is that Nevada has one of the lowest state gaming tax rates in the United States at 6.75%. Other states, such as Florida, have tax rates as high as 42%. Tax

revenues are the lifeblood of a state, which pays for education, health care, public facilities, state parks, highways and roads,



rescue workers, etc. If Hawaii could tap into that source of revenue, their economic and budget concerns could be alleviated to a great degree. For example, in 1997 a bill was proposed that would erect a single casino on the Big Island. The bill



proposed a 15.2% gambling tax rate that would generate \$19.2 million annually for the state of Hawaii. That was just for a single casino. If there were dozens of casinos, that number would grow exponentially.

Another way that Hawaii would benefit financially from legalized gambling is through the avenue of investment. As mentioned earlier, there is big money to be earned in the casino industry. As interest in gaming in Hawaii grows, so would interest in investing in Hawaii grow. In order to accommodate the lavish lifestyle of high rollers and corporate gambling junkies, there would most likely be a need for more hotels, high-rise condos, and penthouse suites. In other words, the commercial real estate market would most likely receive a boost as a result of the construction of casinos as well as other forms of legalized gambling. This boost would seemingly attract investors from all over the United States who would raise capital to buy land in order to develop it, lease it out, or sell it for a higher price. Not only would investments in real estate be increased,

but also investment in local commodities such as coal, oil, gold, silver, etc. Finally, publicly traded companies would most likely own many of the casinos; therefore, investment in the stock market would be another source of revenue for local Hawaiians.

Besides the most obvious arguments for legalized gambling, that is, job creation and revenue production, there are also less obvious arguments being proffered in favor of legalized gambling. One of these is the positive effect that legalized gambling will have on tourism. While anti-gaming advocates contend that bringing gambling to Hawaii would dampen the aloha spirit-driven tourist market, pro-gaming advocates contend that gambling would only attract more of the aloha spirit. Those in favor of gambling argue that combining the natural beauty and ambiance of the islands with the allure of winning money would be too hard for people to pass up. If gambling were legalized in Hawaii, tourists would not only have access to some of the best beaches, beautiful people, night clubs, cuisines, natural attractions, snorkeling, surfing, golfing, mountain climbing, views, sights and sounds in the world, but also have an added attraction in gambling and the opportunity to win money. Millions of people go to Hawaii for vacations; in fact, 7,627,819 people visited Hawaii in 2007. Studies suggest that 82% of that number visit Hawaii to vacation. And people go on vacation to relax, to be entertained, and to escape the daily grind of everyday life. What better way to do be entertained then to relax on the beach and play a game of blackjack as you hear the crash of nearby waves and watch the sun set beyond the horizon? No one would dispute that the addition of slot machines, poker tables, craps, and lotteries would only increase that number of 7,627,819 to even greater heights.





Another interesting argument in favor of legalizing gambling involves the issue of tribal gaming and the proposed passing of the “Akaka” bill. To begin, under the Indian Regulatory Gaming Act (IGRA), Native Americans, acting as a sovereign nation, can conduct legalized gambling without taxation and without government regulation. This act is subject to certain criteria and restrictions, including the requirement that there be at least some form of legalized gaming in the jurisdiction before tribal gaming can be tax-exempt under IGRA. “Any form of legalized gambling” could be anything from casinos to a state lottery to a church bingo night. As long as the activity meets the state’s statutory definition of “gambling” (which usually involves the elements of prize, chance and consideration), it qualifies as “any form.” The issue, as it relates to Hawaii, concerns whether or not Native Hawaiians are considered “Native Americans” so as to qualify themselves for tribal gaming under IGRA. That is where the “Akaka” bill comes in. The Akaka bill is named after Senator Daniel Akaka of Hawaii, who has proposed several versions of the bill since its inception in 2000. The purpose of the bill is “to provide a process for the reorganization of the single Native Hawaiian governing entity and the reaffirmation of the special political and legal relationship between the United State and that Native Hawaiian governing entity for purposes of continuing a government-to-government relationship.” In other words, the bill essentially seeks to establish a process for indigenous native Hawaiians to be recognized by the federal government in the same way that Native Americans are; that is, as a sovereign nation. As a sovereign nation, native Hawaiians would be part of the United States per se, but would have self-governing authority that could not be superseded by the United States Government.

Aside from the political, legal and social controversies that surround the hotly-debated Akaka bill, are the gaming implications that passage of the bill would entail. While the most current version of the bill explicitly outlaws Native Hawaiian gaming (because there is no legalized form of

gambling in Hawaii), the bill is still being revised and updated regularly. Who’s to say that the next version won’t include the allowance of tribal gaming on Hawaiian lands, contingent on the legalization of some form of gambling? Tribal gaming would certainly bring in much-needed revenue and jobs to the Aloha State. In fact, in 1995, before the Akaka bill was even conceived, an east coast tribal group met with a Native Hawaiian tribe, Na ‘Io Hawai’i, to discuss the possibility of opening a casino on Hawaiian tribal lands. The east coast group offered \$100 million in financing along with management personnel and training. Na ‘Io Hawai’i estimated that a casino on tribal lands would generate annual profits of more than \$400 million and create more than 10,000 jobs. The issue of tribal gaming in Hawaii also inevitably evokes constitutional issues of equal protection and fairness, as it would only be fair for Native Hawaiians to benefit from IGRA if Native “Mainland” Americans could do so. It is yet to be seen what will happen with the Akaka bill and the subsequent gaming implications, but it certainly provides a strong impetus for indigenous Native Hawaiians to support the bill.

Yet another contention by pro-gaming advocates is that the legalization of gambling would actually

dispel some of the underground illegal gambling rings. As mentioned earlier, Hawaii has a substantial underground network of illegal gamblers, which promotes other criminal behaviors such as prostitution and drug abuse. One could



argue that if gambling were made legal, there would be no more need for illegal gambling rings, which might in turn curtail the associated drug and prostitution rings. While not proven that this would, in fact, be the case, it at least provides an incentive for legislators to legalize gambling, since no other previous legislative or police effort has succeeded in stopping illegal gambling.

Furthermore, while anti-gaming advocates claim that legalized gambling in Hawaii would only entice people into gambling addictions, pro-gaming advocates claim that people should be allowed to make that decision for themselves, not let the government make that decision for them. People are highly developed autonomous organisms, capable of making their own decisions. Just because some people would be caught in the snare of problem gambling, doesn't mean that the thousands of others who wouldn't be should be precluded from participating in what they solely consider to be entertainment. Our country was founded on the freedom to choose for oneself and millions of citizens of 48 other states have the opportunity to choose for themselves whether to gamble (legally) or not. But not in Hawaii. There, Hawaiians don't have that choice and one could argue that they should be given that choice.

Finally, legalized gambling in Hawaii mostly in the form of casinos would motivate local business to



make improvements in order to compete. Casinos would most certainly be seen by local "ma and pa" shops as the evil corporate giant who has come in to steal all their business, but that is not always a bad thing. It awakens in those local businesses a survival instinct, a feeling that they will do anything they can to stay alive, to compete and thrive. Thus, they will make improvements to their product or service, improvements to customer service, marketing, advertising, etc. These improvements will not only benefit the customers/clients and the business itself, but will also set an industry standard for newly arriving businesses to follow. For the most part, competition is a good thing. It is the very essence of what makes corporate America work. It is the reason why anti-trust laws exist. Some smaller, local companies need that extra push that competition provides in order to make improvements that have been lacking for years. In turn, the big casinos are kept honest because of the constant pressure these "ma and pa" shops put on them; thus, they also strive to always be the best. What you get as a result is a "race to the top" effect.

In summary, pro-gaming and anti-gaming advocates alike have asserted extremely convincing arguments with regards to the legalization of gaming in Hawaii. After all the arguments are put on the table, the question remains: Will Hawaii ever legalize gaming? Or will it be an endless pursuit that, year after year, ends in gaming bills being dumped in the trash?





### **The Two Faces of Legalized Gambling in Hawaii**

In ancient Hawaiian mythology, legend tells of a god named Ku, one of the most powerful and privileged gods of all time. He was one of the original four great gods and was worshipped by thousands. Ku was known as being the feared, terrible god of war to

gaming advocates just can't understand why anti-gaming advocates would *not* want gambling in Hawaii. After all, there are justifications A,B,C, etc., why it *should* be allowed. On the flip side, anti-gaming advocates simply can't understand why pro-gaming advocates *would* want gambling in Hawaii. After all, there are justifications X, Y, Z, etc., why it *should not* be allowed.



whom all warriors prayed before battle. He was unforgiving and ruthless, even requiring human sacrifices before he would hear his subjects' prayers. However, Ku was also known as being the god of prosperity, the god of the deep forest, god of farming and the god of fishing. Thus, when Ku was the god of war, he was a facilitator of death and fear; however, when he was the god of prosperity, he was the giver of life and sustenance. He was the yin *and* the yang, both good *and* bad. But he was never both at the same time; he was one or the other. This dichotomic characterization of Ku transcended into all aspects of ancient Hawaiian religion; that is, that things were either good or bad. There was no in between, no gray area. Things were either black or white.

Perhaps this ancient bipolarity has somehow been engrained into Hawaiians today. For seemingly all advocates whether they are in favor of legalized gaming or against it---treat the issue of whether gaming should be legalized in Hawaii as a black and white issue. It is either good or it is bad. It will either help the economy or it won't. It will either give birth to gambling addicts or it won't. It is either immoral or it is not. Pro-

This author argues that in order for this issue to ever be resolved, there has to be some sort of meeting of the minds. As in any negotiation or contract formation, both sides need to come together and, even in agreeing to disagree, form a resolution that will at least partially please both sides. After all, there are both positives and negatives to gambling. For example, legalized gambling *can* generate revenue and create jobs. It *can* help people struggling financially by injecting into the economy of Hawaii much-needed capital and investment.

However, it can also create an addiction that will only worsen some Hawaiian's financially strapped lives. It *can* be a great source of entertainment; it *can* bring people together to celebrate an occasion, to relax and have fun, to make memories that will last a lifetime. However, it can also tear families apart. It can destroy relationships. It *can* be an opportunity for adults to exercise their free agency and self-control. However, for a good majority of Hawaiians who can't exercise self-control, it is a vice they will drown in. Hawaiians are not your average consumer. They are passionately loyal to their culture, tradition, and to maintaining ties





to what made them who they are. Being part Hawaiian, the author fully understands the Hawaiian culture and how they think, feel, act, react, and what makes them tick. This is an issue that is not only affecting Hawaiians on the surface (in other words, temporally) in terms of dollars and cents; but rather, this is an issue that will be decided based on the very core of what makes Hawaiians what they are, their 'uhane. They are far

made up of other ethnicities and races besides Hawaiians, including Asians, Filipinos, Puerto Ricans, Europeans and the like, the islands will never lose their identity as being the Aloha state, never lose their reputation of being a paradise created by the Polynesians of old.

It will have to come down to Hawaiians accepting the fact that sometimes there need to be gray areas

in order for both sides to survive. There have to be compromises. Perhaps this means allowing casinos on the more tourist-based Waikiki side of Oahu but forbidding them from entering the more conservative, family-oriented North Shore. That way, the whole state is benefiting from tax revenues and job creation, but the families are not being directly influenced by slot machines fifty yards from their house. Perhaps this means increasing police efforts to



too connected to their rich culture and tradition, far too spiritually linked to the aloha influence on the islands to forsake that for the temporary fix that money could provide. I am not saying that they don't or shouldn't consider the fiscal benefit of legalized gaming in approving it or not; I am simply saying that money is sometimes not enough to Hawaiians. And while the State of Hawaii is now

curtail drug trafficking/abuse and prostitution that seems to follow gambling. Perhaps Hawaii should also seriously consider attracting other industries to its shores besides gaming so that it does not become so dependent on just gaming and risk collapsing in the end (a la Las Vegas from 2005-2011?). As mentioned before, in order for legalized gaming to thrive in Hawaii, the people will have to temporarily put aside "Ku"-ism and, to at least some degree, accept modernism. Until this compromising happens, there will never be legalized gambling in Hawaii.



In the not so distant future, Kahea Fonoimoana straddles his board and scopes out the oncoming liquid barrel, waiting for the perfect moment to commence his paddling. This time he actually is surfing in Hawaii, at the world-famous Waikiki beach to be exact. He has come to visit friends and relatives





during the peak surfing season Christmas time. He rattles off to his "brada" in pidgin, the Creole English hybrid Hawaiians are so famous for, asking about the quality and frequency of recent swells in the area. All of a sudden, he catches a wave. As he proceeds down the mountainous wall of water something catches his eye. It is the reflection of the sun off of a tall skyscraper nestled on the shore of the beach. On the top of the building, he reads the letters W-Y-N-N . . . then wipes out and is tossed underwater like a rag doll. Was his attention drawn to an actual casino, in *Hawaii*? Did he see signs of legalized gambling? We will have to wait to find out.

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