

# OVERVIEW

## *Sunrise Analysis: Mixed Martial Arts*

Report No. 07-02, February 2007

### Summary

Mixed martial arts events, bouts that combine various styles of fighting and martial arts, is the fastest growing sport in the country. In Hawai'i, the events are currently permitted under an exemption from the prohibition against no rules combat, or extreme fighting. The 2006 Legislature requested the Auditor to analyze a proposal to license mixed martial arts events as their own sport. The request, contained in Senate Concurrent Resolution No. 37, Senate Draft 1, invokes the Hawai'i Regulatory Licensing Reform Act, Chapter 26H, Hawai'i Revised Statutes, which requires the Auditor to evaluate proposals to regulate previously unregulated professions or vocations. The proposed regulatory scheme is presented in House Bill No. 3223, House Draft 1 of the 2006 session.

Mixed martial arts (MMA) events have international origins, with various individuals and organizations establishing their own definitions and rules. Since the first MMA event in the U.S. in 1993, the shows now command large gate and television revenues and significant TV viewership. Mixed martial arts events have become significant revenue sources for states and tribal commissions. Since 2001, promoters have achieved regulatory approval in 24 states. Two main motivations for new regulation were: (1) to protect the fighters' health and remove the stigma of barbaric, no rules brawling, and (2) to provide a satisfying spectacle for viewers.

In Hawai'i, the number of MMA events has grown from eight in 2000 to 29 in 2005. Most local fighters fight for free or for a few hundred dollars, although the top fighters can make \$50,000 to \$75,000 per fight.

Act 54, Session Laws of Hawai'i 2005, later codified as Chapter 440D, Hawai'i Revised Statutes, permits MMA competitions if promoters obtain an exemption from the Department of Commerce and Consumer Affairs (DCCA) and under certain conditions. The Regulated Industries Complaints Office (RICO) at DCCA is responsible for enforcing Chapter 440D, including sending two investigators to attend each contest. Because most contests are held in the evenings and on weekends, RICO says it is incurring significant overtime costs and promoters' fees are insufficient to cover RICO's costs.

The exercise of the State's police powers through the regulation of occupations is premised on the need to protect the public from harm in the purchase of services from the occupation. In the case of mixed martial arts, as in boxing, the potential for harm has been extended to contestants as well. Although scientific research on the incidence of injury in mixed martial arts is meager, sufficient evidence exists that MMA events are potentially hazardous to contestants. We conclude that regulation of mixed martial arts is warranted to protect contestants from injury and



the public from potential harm. At certain events, attendance has reportedly exceeded capacity, liquor laws are being violated, and security is insufficient to control unruly crowds.

We also conclude that Chapter 440D should be repealed and replaced by an amended H.B. No. 3223, H.D. 1, that could provide stronger, more effective regulation. Chapter 440D creates a curious hybrid that is neither a licensing program nor a true enforcement program. Since it is not a licensing program, it was not assigned to the Professional and Vocational Licensing Division of DCCA. Instead, RICO investigators must, among other tasks, review promoters' applications for each event and data on each contestant. Information on contestants and criteria by which to judge whether they are medically fit are hard to come by.

The provisions in H.B. No. 3223, H.D. 1, offer stronger protections but could be further enhanced with reporting of recent medical examinations, a formal registry of fighters, medical insurance for contestants, at least two physicians at ringside, HIV and hepatitis testing, improved sanitary conditions in the ring, a ban on the use of stimulants, and other provisions.

Two options have been proposed for the regulating authority: (1) create a new Mixed Martial Arts Commission or (2) expand the jurisdiction of the Boxing Commission and rename it the Athletic Commission. We propose a third alternative—placing the program directly under the director of commerce and consumer affairs. Option 1 is offered in the 2006 bill we analyzed. That would create two athletic commissions, something none of the other 49 states has done. Option 2 is opposed by mixed martial arts supporters who say that the Boxing Commission is not knowledgeable about martial arts and may be hostile to the sport. Our alternative of direct regulation offers more streamlined administration, increased accountability, and greater efficiency. This regulatory model is in place in several other states. The director could appoint an advisory committee to help in developing unified rules.

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## Recommendations and Response

We recommend that House Bill No. 3223, House Draft 1 of the 2006 session be enacted with the amendments discussed above.

The Department of Commerce and Consumer Affairs generally agrees with our recommendations but deferred comment on the regulatory scheme until it reviews the legislation to implement the recommendations. The department emphasizes the need for knowledgeable persons to be available to advise the department and the need for the additional costs to be borne by those regulated.

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