The Honorable Oscar Babauta  
Speaker, House of Representatives  
Fifteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950 

The Honorable Joseph Mendiola  
Senate President  
Fifteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950 

Dear Mr. Speaker and Mr. President: 

This is to inform you that I have signed into law House Bill 15-286, SD2, entitled, "To amend 4 CMC §1103; to repeal and re-enact 4 CMC §1503; to repeal and re-enact 4 CMC §1505; and for other purposes," which was passed by the Fifteenth Northern Marianas Commonwealth Legislature. 

This bill becomes Public Law No. 15-78. Copies bearing my signature are forwarded for your reference. 

Sincerely, 

[Signature] 
TIMOTHY P. VILLAGOMEZ  
Acting Governor 

CC:   Governor  
Special Legal Counsels, Office of the Governor  
Legal Counsel, Office of the Lt. Governor  
Attorney General, Office of the Attorney General  
Secretary, Department of Commerce  
Secretary, Department of Finance  
Special Assistant to the Administration  
Senior Policy Advisor, Office of the Governor  
Special Assistant for Programs & Legislative Review
The Honorable Timothy P. Villagomez  
Acting Governor  
Commonwealth of the Northern Mariana Islands  
Capitol Hill  
Saipan, MP 96950  

Dear Acting Governor Villagomez:

I have the honor of transmitting herewith for your action H. B. No. 15-286, SD2, entitled: "To amend 4 CMC § 1103; to repeal and re-enact 4 CMC § 1503; to repeal and re-enact 4 CMC § 1505; and for other purposes," which was passed by the House of Representatives and the Senate of the Fifteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,

[Signature]

House Clerk  

Attachment
AN ACT

To amend 4 CMC § 1103; to repeal and re-enact 4 CMC § 1503; to repeal and re-enact 4 CMC § 1505; and for other purposes.

In the HOUSE OF REPRESENTATIVES

Offered by Representatives: Oscar M. Babauta, Martin B. Ada and Justo S. Quitugua

Date: July 24, 2007

Referred to: None
Public Hearing: None
Standing Committee Report: None

Passed First and Final Reading on July 24, 2007
Accepted the Senate Amendments on August 17, 2007

In the SENATE

Referred to Committee on Fiscal Affairs
Public Hearing: None
Standing Committee Report: None

Passed Final Reading on August 16, 2007

Evelyn C. Fleming, House Clerk
AN ACT

To amend 4 CMC § 1103; to repeal and re-enact 4 CMC § 1503; to repeal and re-enact 4 CMC § 1505; and for other purposes.

BE IT ENACTED BY THE FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Findings and purpose. The Commonwealth Legislature finds that the definition of "pachinko slot machine" must be updated to reflect technological developments in the gaming industry. The Legislature intends for all pachinko and similar slot machines to be assessed a licensing fee regardless of whether they are traditional reel machines or the newer computerized equivalent. The Legislature finds that new definitions must be added to 4 CMC §1103 for the efficient enforcement of the laws governing amusement machines.

The Legislature further finds that 4 CMC § 1503 has been amended numerous times (in particular by Public Laws 12-52, 13-33, 14-54, 15-8, and 15-56) and a full re-enactment of the section is necessary to avoid confusion.

The Legislature also finds that incorporating House Bill 15-240 into this bill will avoid confusion with regard to 4 CMC § 1505 and is in the interest of legislative efficiency.

Section 2. Amendment. Section 1103 of Chapter 1 of Division 1 of Title 4 of the Commonwealth Code is amended by adding four definitions in alphabetical order and renumbering subsequent subsections as necessary:

“§ 1103. Definitions.

(a) "Jackpot winnings" means winnings where the machine of the licensed owner-operator pays back one-thousand dollars ($1,000) and over;

(b) "Licensed owner-operator" means the owner of amusement machines licensed pursuant to 4 CMC § 1503 to commercially operate the same or an operator licensed pursuant to 4 CMC § 1503 to commercially operate amusement machines
that is not the owner of the machines, and does not mean a person playing such
machines;

(c) "Pachinko slot machine" means the slot machine whose outer structure
has three (3) reels with symbols to be matched by pressing three (3) buttons to stop
the rotation of the spinning reels, or a video or computerized equivalent designed to
be played in a similar manner. It is a machine that requires a degree of skill in order
for the winner to win a prize;

(d) "Payment-activated" means a machine offering a product upon the
payment of a monetary amount by coin, bill, or credit or debit payment."

Section 3. Repealer and re-enactment. Section 1503 of Chapter 5 of Division 1 of
Title 4 of the Commonwealth Code is repealed and re-enacted as follows:

“§ 1503. Amusement Machines.

(a) There is imposed the following annual license fees for the commercial
operation of amusement machines in the Commonwealth as follows:

(1) For amusement machines (other than poker, pachinko, or
similar amusement machines) whose major element is skill and whose only
reward or prize is limited to additional games or other use of the machine (e.g.
video games, pinball machines, pool tables, etc.), the annual fee shall be one
hundred fifty dollars ($150) per machine.

(2) For amusement machines whose major element is chance
which provide a reward or prize of value, or for poker machines or similar
amusement machines, the annual fee shall be six thousand dollars ($6,000) per
machine, slot machine, or other similar amusement machine. Those machines
situated in a casino licensed by the Tinian Casino Gaming Control
Commission (TCGCC) or similarly established a gaming commission on the
islands of Saipan and Rota shall be exempt from the six thousand dollar
($6,000) annual machine fee imposed by this section.

(3) For all jukeboxes, payment-activated phonographs, CD players
or other payment-activated music producing machines, the annual fee shall be
one hundred fifty dollars ($150) per machine.
(4) For all payment-activated kiddie ride machines, designated for children under the age of sixteen (16), the annual fee shall be twenty-five dollars ($25) per machine.

(5) For pachinko slot machines or similar amusement machines, the annual fee shall be six thousand dollars ($6,000) per machine.

(b) The fees imposed by this section shall be the liability of the licensed owner-operator or lessee of the amusement machine, or any person operating or managing any business at which such amusement machine is offered for patronage.

(c) All license fees shall be paid in full prior to the issuance of a license and shall be nonrefundable. Upon payment of the required fee, each license shall be valid for a period of one (1) year from the date of issuance. Notwithstanding any law to the contrary, two hundred thousand dollars ($200,000) of the fees collected is hereby earmarked and continuously appropriated each fiscal year without further legislative appropriation to the Department of Finance for enforcement purposes and shall not be reprogrammed for any other purpose. The expenditure authority shall be the Secretary of the Department of Finance.

(d) Every poker machine owner and operator as a condition of any license issued shall maintain and operate poker machines in a separate room. No minor shall be permitted to enter this room and no alcoholic beverages or other intoxicants shall be allowed in this room. A licensed owner-operator who knowingly violates this subsection or who knowingly allows this subsection to be violated shall be guilty of a misdemeanor punishable by up to a five hundred dollar ($500) fine and up to thirty (30) days imprisonment. The Secretary may revoke any or all licenses for all poker machines owned, operated, or controlled by a person convicted under this subsection.

(e) Each Senatorial district may, pursuant to 1 CMC § 1402(c)(5), establish additional license fees for poker machines licensed under subsection (a)(2) of this section and pachinko slot machines licensed under subsection (a)(5) of this section. Any additional fees shall be available for local appropriation under Chapter 4 of Division 1 of Title 4 of the Commonwealth Code.
(f) The Public School System (PSS) shall receive twenty percent (20%) of the revenues collected from the winnings tax under 4 CMC §1505, which shall be reserved for funding the PSS technical education program and for the procurement of student desks and classroom supplies as provided in 4 CMC §1505. Revenues reserved under 4 CMC §1505(a) shall be transferred quarterly to the Technical Education Program Fund.

(g) Poker machines licensed prior to April 26, 2006, shall continue to operate under and comply with the provisions of Public Law 13-33 for the duration of the license year, after which this section shall govern the issuance of licenses and the payment of license fees for those machines.

(h) The Secretary of Finance shall be responsible for the enforcement of this section."

Section 4. Repealer and re-enactment. Section 1505 of Chapter 5 of Division 1 of Title 4 of the Commonwealth Code is repealed and re-enacted as follows:

"§ 1505. Gaming machine jackpot tax. A tax on all winnings from poker machines, pachinko machines, slot machines, pachinko slot machines, and similar gaming devices shall be assessed as follows:

(a) Jackpot winnings shall be assessed a thirty percent (30%) tax of which twenty percent (20%) shall be allocated to the Public School System pursuant to 1 CMC §2282, and shall be available as a continuing appropriation.

(b) The expenditure authority for funds allocated pursuant to subsection (a) of this section shall be the Commissioner of Education.

(c) The licensed owner-operator of the machines shall be responsible for collecting the tax and for keeping a record of the tax assessed under this section and shall submit a winning listing and the taxes collected within fifteen (15) days of the end of each month to the Secretary.

(d) The licensed owner-operator of the machines shall be assessed a penalty of five thousand dollars ($5,000) for each violation of this section.

(e) The secretary shall promulgate appropriate regulations to enforce this section."
Section 5. **Severability.** If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 6. **Savings clause.** This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 7. **Effective date.** This Act shall take effect upon its approval by the Governor or becoming law without such approval.

**CERTIFIED BY:**

OSCAR M. BABAUTA

**ATTESTED TO BY:**

EVELYN C. FLEMING

**Approved on this 20th day of August, 2007**

TIMOTHY P. VILLAGOMEZ

COMMUNEWEALTH OF THE NORTHERN MARIANA ISLANDS