



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos
Governor

Jude U. Hofschneider
Lieutenant Governor

01 APR 2014

The Honorable Joseph P. Deleon Guerrero
House Speaker
18th Northern Marianas Commonwealth Legislature
Saipan, MP 96950

The Honorable Ralph DLG. Torres
President of the Senate
18th Northern Marianas Commonwealth Legislature
Saipan, MP 96950

Dear Speaker Deleon Guerrero and President Torres:

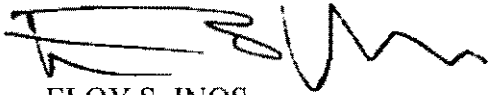
This is to inform you that I have signed into law, House Bill No. 18-182, HD6 entitled, "To amend Public Law 18-38, To authorize, establish and regulate an exclusive gaming license within the Commonwealth," which was passed by the Eighteenth Northern Marianas Commonwealth Legislature.

I want to thank both of you personally and members of both houses for the cooperation that was achieved in quickly adopting both House Bill 18-182 and House Bill 18-38. This joint effort between the Legislative and Executive branches of government in the establishment of this important public policy is to be commended.

With the adoption of this Bill, the shortcomings of Public Law 18-38 are addressed and we have established a more balanced gaming program for addressing the many financial issues facing the Commonwealth. I realize that there are mixed feelings on the establishment of gaming in the Commonwealth, but in light of current financial constraints; the need to address retiree obligations; and provide for expansion of our economy; I sincerely feel that this is the best alternative. It is essential that with the expansion of gaming that we take adequate steps to regulate this activity. In the coming weeks we will be thoroughly reviewing proposals for gaming licenses to ensure that we select licensees who will comply with the high standards of gaming that we are hoping to establish to expand our tourism market. I realize that the People of the Commonwealth are relying on our agencies to protect their interest in this expansion of gaming and we will do our best to lay the foundation for proper oversight and control.

This bill becomes Public Law No. 18-43. Copies bearing my signature are forwarded for your reference.

Respectfully,

A handwritten signature in black ink, appearing to read 'ELOY S. INOS'. The signature is stylized with a large initial 'E' and a long horizontal stroke.

ELOY S. INOS



House of Representatives

18th NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

March 31, 2014

The Honorable Eloy S. Inos
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Inos:

I have the honor of transmitting herewith for your action **H. B. No. 18-182, HD6**, entitled: "To amend Public Law 18-38, To authorize, establish and regulate an exclusive gaming license within the Commonwealth.", which was passed by the House of Representatives and the Senate of the Eighteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Linda B. Muña".

Linda B. Muña
House Clerk

Attachment



*Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*

IN THE HOUSE OF REPRESENTATIVES

Third Regular Session

March 26, 2014

Representative Rafael S. Demapan, of Saipan, Precinct 2 (*for himself*), in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 18-182, HD6

AN ACT

**TO AMEND PUBLIC LAW 18-38, TO AUTHORIZE, ESTABLISH
AND REGULATE AN EXCLUSIVE GAMING LICENSE WITHIN
THE COMMONWEALTH.**

The Bill was not referred to a House Committee.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, MARCH 26, 2014;**
with amendments in the form of H. B. 18-182, HD6 and transmitted to the
THE SENATE.

The Bill was not referred to a Senate Committee.
THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, MARCH 27, 2014;
without amendments and returned to
THE HOUSE OF REPRESENTATIVES.

THE BILL WAS FINALLY PASSED ON MARCH 26, 2014.

A handwritten signature in black ink, appearing to read "Linda B. Muña".

Linda B. Muña, House Clerk



Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands
IN THE HOUSE OF REPRESENTATIVES

Eighth Day, Third Regular Session

March 26, 2014

H. B. 18-182, HD6

AN ACT

**TO AMEND PUBLIC LAW 18-38, TO AUTHORIZE, ESTABLISH AND
REGULATE AN EXCLUSIVE GAMING LICENSE WITHIN THE
COMMONWEALTH.**

**Be it enacted by the Eighteenth Northern Marianas Commonwealth
Legislature:**

1 **Section 1. Findings.** The public has raised concerns over some of the provisions of
2 Public Law 18-38. The purpose of these amendments is to clarify misunderstandings and
3 address areas of needed changes.

4 **Section 2. Amendment.** Section 1708(b) (1) of Title 4 of the Commonwealth Code
5 is amended to read:

6 “(b) Rebate Offset Amount.

7 (1) The rebate offset amount shall be:

8 (i) In the case of a taxpayer who is not a Free Trade Zone
9 licensee or an Exclusive Gaming Licensee:

10 *If the rebate base is:* *The rebate amount is:*

HOUSE BILL 18-182, HD6

1	Not over \$20,000	90 percent of the rebate base.
2	Over \$20,000 but not over	\$18,000 plus 70 percent of
3	\$100,000	the rebate base over \$20,000.
4	Over \$100,000	\$74,000 plus 50 percent of the rebate
5		base over \$100,000.

6 (ii) (unchanged)

7 A. (unchanged)

8 B. (unchanged)

9 (iii) (unchanged)

10 (iv) In the case of a taxpayer who is an Exclusive Gaming
 11 Licensee, the rebate offset amount for non-gaming revenue shall be the
 12 amount calculated under subparagraph (i). For casino gaming revenue,
 13 the rebate offset amount shall be 100% of the income tax imposed on
 14 net gaming revenue taxable income up to fifteen million dollars
 15 (\$15,000,000). For casino net gaming revenue taxable income in
 16 excess of fifteen million dollars (\$15,000,000) the rebate offset amount
 17 shall be the amount calculated under subparagraph (i).”

18 **Section 3. Amendment.** Public Law 18-38, Section 5, Section 102 (d) is amended
 19 as follows:

20 “(d) One year after passage of this Act, no new or additional licenses for
 21 poker, pachinko, or similar amusement machines, but not including electronic gaming
 22 machines as defined in 6 CMC § 3154 (a) (4), shall be granted or allowed to operate
 23 outside of the approved casino establishment, hotel, or La Fiesta within the Third
 24 Senatorial District. The licenses issued for the existing poker, pachinko, and similar

HOUSE BILL 18-182, HD6

1 amusement machines that began its operation prior to one year after the passage of
2 this Act shall be allowed to continue operation in the Third Senatorial District.”

3 **Section 4. Amendment.** Public Law 18-38, Section 5, Section 103 is amended as
4 follows:

5 “Section 103. Central Government Fees and Licenses.

6 The casino established pursuant to this Act shall obtain and keep a valid
7 business license and shall pay all fees associated with such business license
8 prescribed by law unless exempted under this Act.”

9 **Section 5. Amendment.** Public Law 18-38, Section 5, Section 104 (a) and (b) is
10 amended as follows:

11 “Section 104. Criminal Penalties.

12 (a) Any person who knowingly and willfully violates any provision of this Act
13 or any regulation issued by a casino commission shall, upon conviction, be subject to
14 a fine not less than \$10,000 nor more than \$100,000, or be imprisoned for not more
15 than three years, or both.

16 [Subsection (c) is designated as Subsection (b)]”

17 **Section 6. Amendment.** Public Law 18-38, Section 5, Section 106 is amended as
18 follows:

19 “Section 106. Fees and Initial Investment.

20 (a) Application Fees. An applicant for a license under this Act shall pay a
21 one-time nonrefundable application fee of One Million Dollars (\$1,000,000). The
22 applicant must submit an application to the Commonwealth Lottery Commission and
23 deposit the One Million Dollars fee with the Commonwealth Treasury within thirty
24 (30) days after this bill has been signed into law.

HOUSE BILL 18-182, HD6

1 (b) Exclusive License Fees. The annual fee for the exclusive license shall be
2 Fifteen Million Dollars (\$15,000,000) and shall be paid as follows:

3 (1) Payment of \$30,000,000 shall be paid upon the receipt of the
4 exclusive casino license to cover the first and the fifth year.

5 (A) To be eligible for the exclusive license, the \$30,000,000
6 required for the first and fifth year fees shall be deposited in a third
7 party independent escrow account, to be selected by the
8 Commonwealth Treasurer, no later than forty-five (45) days after this
9 bill is signed into law. Documentation evidencing such deposit shall be
10 submitted to the Commonwealth Lottery Commission with the
11 applicant's business plan. The funds and any interest shall be released
12 from escrow to the Commonwealth Treasurer upon the issuance of the
13 exclusive casino license to the applicant depositing the funds. If an
14 exclusive casino license is not issued to the applicant depositing the
15 funds, the funds and any interest shall be released to such applicant
16 upon the denial of the application.

17 (2) Payment of \$15,000,000 annual license fee shall be paid when the
18 fees for the second through fourth years are due; and

19 (3) Payment of \$15,000,000 shall be paid when the fees for the sixth
20 year is due; and \$15,000,000 for each year thereafter.

21 (4) The Annual License fee shall be adjusted every five years based
22 on the cumulative change in the Consumer Price Index developed by the
23 Commonwealth Department of Commerce for Saipan for the previous five
24 years. The license fee shall not be reduced below \$15,000,000.00.

HOUSE BILL 18-182, HD6

1 (c) An applicant must satisfy the payment requirements under subsections (a)
2 and (b) of this section shall be eligible for an exclusive license under this Act. An
3 applicant who fails to deposit the \$1 million and \$30 million as required shall be
4 automatically rejected.

5 (d) An applicant who fulfills the requirements of subsections (a) and (b) shall
6 submit an acceptable business plan to the Commonwealth Lottery Commission no
7 later than forty-five (45) days after this bill is signed into law.

8 (1) The business plan must provide a timeline and cost breakdown
9 that specifically demonstrates how and when the applicant will comply with
10 the requirements of the minimum initial investment under subsection (e).

11 (e) The applicant who is granted an exclusive license under this Act shall
12 make an initial investment of at least Two Billion Dollars (\$2,000,000,000.00), to
13 include a casino and a resort with a minimum of 2,000 guest rooms. The purchase of
14 an existing hotel shall not be included in satisfying the requirement of building 2,000
15 rooms.”

16 **Section 7. Amendment.** Public Law 18-38, Section 5, Section 107 is amended as
17 follows:

18 “Section 107. Disposition of License Fee Revenues. Notwithstanding any
19 other law to the contrary, the moneys collected for licensing fees pursuant to this Act
20 shall be deposited into the Commonwealth Treasury in a separate account which shall
21 be allocated to and available for appropriation as follows:

22 (a) \$2,000,000.00 of the annual license fee shall be allocated to the
23 First Senatorial District to be appropriated by the First Senatorial District
24 Legislative Delegation. Provided, however, that the funds shall first be

HOUSE BILL 18-182, HD6

1 appropriated to pay for the 25% reduction of the First Senatorial District's
2 retirees and the beneficiaries' pension.

3 (b) \$2,000,000.00 of the annual license fee shall be allocated to the
4 Second Senatorial District to be appropriated by the Second Senatorial District
5 Legislative Delegation. Provided, however, that the funds shall first be
6 appropriated to pay for the 25% reduction of the Second Senatorial District's
7 retirees and the beneficiaries' pension.

8 (c) \$26,000,000.00 of the annual license fees received in the first year
9 shall be allocated to the Third Senatorial District for the following:

10 (1) \$25,000,000.00 shall be allocated in the following priority:

11 (A) To restore the 25% reduction of the retirees and the
12 beneficiaries' pensions of the Third Senatorial District.

13 (B) Interest to former defined-benefit members. The
14 Secretary of Finance shall establish a "Public Law No. 17-82
15 Interest Account." The license fees generated from a casino
16 licensed under this Act shall be deposited in this account and
17 allocated to pay interest to active members who terminated
18 their membership in the defined-benefit plan under
19 Public Law No. 17-82, as amended by Public Law No. 18-02.
20 The interest shall be paid proportionately on a semi-annual
21 basis until such time that all former defined-benefit members
22 have been paid.

23 (2) \$1,000,000.00 shall be allocated to the Third Senatorial
24 District to be appropriated by the Third Senatorial District Legislative
25 Delegation.

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1 (d) \$11,000,000.00 of the annual license fees received in years after
2 the first year shall be allocated to the Third Senatorial District for the
3 following:

4 (1) \$10,000,000.00 shall be allocated to restore the
5 25% reduction of the retirees and the beneficiaries' pensions of the
6 Third Senatorial District.

7 (2) \$1,000,000.00 shall be allocated to the Third Senatorial
8 District to be appropriated by the Third Senatorial District Legislative
9 Delegation.

10 (e) The nonrefundable application fees shall be reserved for the
11 operation, personnel, and all other expenses of the commission for the first
12 year.”

13 **Section 8. Amendment.** Public Law 18-38, Section 5, is amended by adding a new
14 Section 108:

15 “Section 108. Disposition of Gross Revenue Tax. Notwithstanding
16 4 CMC §§ 1802 and 1804 or any other laws, gross revenue tax generated from a
17 license holder under this Act are Commonwealth funds and shall be appropriated for
18 the following purposes:

19 (a) For the Levelized Energy Adjustment Clause (LEAC) Rate Subsidy
20 Account. The Secretary of Finance shall establish a LEAC Rate Subsidy
21 Account. A portion of the gross revenue tax generated from a casino licensed
22 under this Act shall be deposited in this account and shall be used primarily to
23 subsidize the LEAC Rate that would otherwise be passed on to utility
24 customers.

25 (b) For the Commonwealth Healthcare Corporation;

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1 (c) For the Medical referral Program;

2 (d) For the payment of land compensation judgments; and

3 (e) Public School System.”

4 **Section 9. Amendment.** Public Law 18-38, Section 5, Section 202 is amended by
5 adding a new subsection (e) as follows:

6 “(o) ‘Settlement Agreement’ means the Final Amended Stipulation and
7 Agreement of Settlement entered into in *Johnson v. Inos*, Civil Case No. 09-23
8 (D.N.M.I.).”

9 **Section 10. Amendment.** Public Law 18-38, Section 5, Section 203 (a) is amended
10 as follows:

11 “(a) The Commonwealth Casino Commission is hereby established.”

12 **Section 11. Amendment.** Public Law 18-38, Section 5, Section 203 is amended by
13 adding a new subsection (j) as follows:

14 “(j) Jurisdiction. The Commission’s regulatory jurisdiction is confined to
15 casinos licensed under this Act. Nothing in this Act shall be construed as extending
16 the Commission’s jurisdiction to casinos that are licensed under the local laws of the
17 First and Second Senatorial Districts.”

18 **Section 12. Amendment.** Public Law 18-38, Section 5, Section 204 (b) is amended
19 as follows:

20 “(b) To promulgate such rules and regulations, as may be necessary to fulfill
21 the intent, policies and purposes of this Act. The Commission may use such rules and
22 regulations to interpret, enlarge upon, except provisions defining the authority and
23 powers of the Commission, or define, or any provision of this Act to the extent that
24 such provision is not specifically defined by this Act. The rules and regulations shall,
25 at a minimum, provide for the following:”

HOUSE BILL 18-182, HD6

1 [The remainder of section 204 (b) is unchanged]

2 **Section 13. Amendment.** Public Law 18-38, Section 5, Section 204 (b) (13) is
3 amended as follows:

4 “(13) Penalties for the late payment of applicable fines, or fees.”

5 **Section 14. Amendment.** Public Law 18-38, Section 5, Section 204 (e) is repealed
6 and reenacted as follows:

7 “(e) For the types of gaming and games to be covered by the casino license
8 and their structure.”

9 **Section 15. Amendment.** PL 18-38, Section 5, Section 206 (b) (1) is amended as
10 follows:

11 “(1) Means to exclude from the gaming areas of a casino individuals under 18
12 years of age, except such lawful employees of the casino or of a resort complex or
13 other facility of which the casino forms a part as the Commission determines by
14 regulation may be present in such areas and;”

15 **Section 16. Amendment.** Public Law 18-38, Section 5, Section 207 (a) (1) (A) and
16 (B) is amended as follows:

17 “Section 207. License.

18 (a) Casino License.

19 (1) Exclusive License.

20 (A) Number of Authorized License.

21 (i) The granting of the Exclusive Casino License is
22 within the discretion of the Commonwealth Lottery
23 Commission. ● Only one license may be issued under this Act.
24 The Commonwealth Lottery Commission must act to deny or
25 approve applications within ninety (90) days after this Act is

HOUSE BILL 18-182, HD6

1 signed into law or when the requirements of section 208 have
 2 been completed. The license shall be subject to such
 3 conditions as the Commonwealth Lottery Commission deems
 4 necessary to assure compliance with this Act, including
 5 timelines for construction, commencing operations, and
 6 achieving the minimum initial investment requirements.

7 (ii) In the event that a license is not issued within 90
 8 days after this Act becomes law the Commission shall establish
 9 new application procedures.

10 (B) Term. Once the exclusive license is granted, it shall be for
 11 a period of twenty-five (25) consecutive years with an option to extend
 12 the term for fifteen (15) additional years.”

13 **Section 17. Amendment.** Public Law 18-38, Section 5, Section 208 (a) is amended
 14 as follows:

15 “(a) “Commission” as used in this section means the Commonwealth Casino
 16 Commission working in cooperation with the Commonwealth Lottery Commission.”

17 **Section 18. Amendment.** Public Law 18-38, Section 5, Section 203 (g) is amended
 18 as follows:

19 “(g) Compensation. Members of the Commission shall each be compensated
 20 at the rate of \$40,000.00 for the first year of the Commissions existence. After the
 21 first year of the Commissions existence, Commissioners shall be compensated at the
 22 hourly rate of \$20.00 for official Commission meetings attended. In addition the
 23 Commissioners shall be reimbursed for their actual, necessary, and reasonable
 24 expenses incurred in the performance of their duties. All travel will be subject to
 25 1 CMC §7407.”

HOUSE BILL 18-182, HD6

1 **Section 19. Amendment.** Public Law 18-38, Section 5, is amended by adding a new
2 Section 216 to read as follows:

3 “Section 216. Members of the 18th CNMI Legislature and their immediate
4 family as defined in 1 CMC § 8503 (h), shall not be paid or receive any financial
5 consideration nor shall they be retained as independent contractors or employed
6 directly or indirectly by any casino licensed under Public Law 18-38 in its current
7 form or as amended, or by said casino’s affiliates or agents, for a period of
8 five (5) years beginning from the date of the issuance of said casino’s license.”

9 **Section 20. Severability.** If any provisions of this Act or the application of any such
10 provision to any person or circumstance should be held invalid by a court of competent
11 jurisdiction, the remainder of this Act or the application of its provisions to persons or
12 circumstances other than those to which it is held invalid shall not be affected thereby.

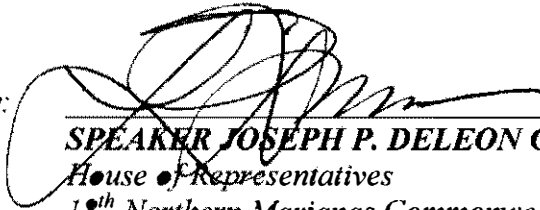
13 **Section 21. Savings Clause.** This Act and any repealer contained herein shall not be
14 construed as affecting any existing right acquired under contract or acquired under statutes
15 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
16 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
17 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
18 any liability, civil or criminal, which shall already be in existence on the date this Act
19 becomes effective.

HOUSE BILL 18-182, HD6

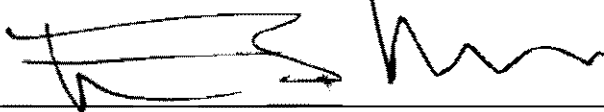
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Section 22. Effective Date. This Act shall take effect upon its approval by the Governor, or its becoming law without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER JOSEPH P. DELEON GUERRERO
House of Representatives
18th Northern Marianas Commonwealth Legislature

APPROVED this 1ST day of APRIL, 2014


ELOY S. INOS
Governor
Commonwealth of the Northern Mariana Islands