



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos
Governor

Jude U. Hofschneider
Lieutenant Governor

21 MAR 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, with reservation, House Bill No. 18-179, HD4 entitled, "To authorize, establish and regulate an exclusive gaming license within the Commonwealth," which was passed by the Eighteenth Northern Marianas Commonwealth Legislature.

Although there are some shortcomings in this Bill, the assurances that you have provided as to the adoption of agreed upon amendments will address these issues. Specifically, the agreed upon amendments will address the following issues of concern:

1. Clarification and restoration of the rebate offset structure for Commonwealth taxpayers;
2. Reduction of the proposed tax benefits to be provided for the exclusive casino licensee;
3. Reduction in the exclusive casino license term from eighty years to forty years;
4. Provide for the co-existence and establishment of electronic gaming;
5. Increase the penalties for violation of Bill provisions to a felony classification and fines up to \$100,000;
6. Allow for adjustments of the annual \$15 million license fee based on increases in the consumer price index;
7. Require the submission of an acceptable business plan for implementation of the required \$2 billion investment and 2,000 additional hotel rooms;
8. Provide for an annual payment of \$2 million to the First Senatorial District so as to restore full payment of their retiree benefits and other appropriations as directed;

9. Provide for an annual payment of \$2 million to the Second Senatorial District so as to restore full payment of their retiree benefits and other appropriations as directed;
- 10.Reduction of the compensation that is to be paid to Commonwealth Casino Control Commission members from an annual salary of \$75,000 to an hourly rate of twenty dollars per hour;
- 11.Require upfront payment of \$26 million in annual license fee to the Third Senatorial District so as to fund the following programs:
 - a. Restoration of full payment of pensions for retirees;
 - b. Payment of interest to Retirement Fund members who withdrew their contributions.
- 12.Earmark all gross revenue tax payments from casino operations to fund the following:
 - a. Establishment of a subsidy account for reduction of the impact of the Commonwealth Utilities Corporation Levelized Energy Adjustment Clause (LEAC) on customer rates;
 - b. Provide a subsidy for the Commonwealth Healthcare Corporation to help address costs associated with medically indigent patients;
 - c. Provide a subsidy to the Commonwealth Medical Referral Program; and
 - d. Provide for the payments for land compensation judgments and other land taking.

I am signing this Bill based on our agreement that these amendments will be adopted by the legislature without delay, and as agreed. These amendments are essential in order to ensure that we preserve the affected interests and provide a better balanced bill. I want to commend and thank the legislature for the joint effort that was used in providing a solution to address the financial problems that face our community.

The adoption of this Bill will result in a dramatic long-term change in the Commonwealth's economy. This change was needed as the financial resources of the government were unable to meet our obligations or provide the basic benefits of healthcare, education, utility infrastructure, and an economic future for our children. Without this type of change, we would be doomed to a future of continued reduction in government programs and flight from the islands of residents and family members who are seeking to provide a higher quality of life and achievement of personal goals. This is unacceptable as it is quickly leading to a loss of our cultural identity, separation of families, and flight from the limited economic opportunities that are available on our islands. Because of this situation, a long-term change in our economic structure is required.

With the agreed upon amendments, the revised Bill will provide a long-term solution to many community problems. The Bill requires an investment of \$2 billion in construction of new hotels and tourist facilities within designated time periods and many millions of dollars more in the expansion of basic infrastructure of roads, utilities, and services. These investments will provide the economic foundation for both the immediate and long-term expansion of the Commonwealth as a major tourist destination in Micronesia. These changes will provide direct benefit to the people of the Commonwealth with the creation of thousands of jobs, increased wages, job training, demand for private property,

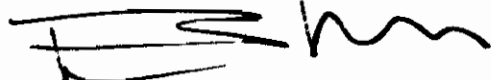
and the creation of thousands of business opportunities in the provision of related services. This restructuring of the economy will allow us to provide opportunities to our children for an economic future in the Commonwealth and eliminate the need for people to move away from our islands to achieve their personal goals.

I realize that a significant shift in the economy will also bring challenges, and we must adopt a careful approach in balancing economic development with the need to protect our island environment and indigenous culture.

This will not be an easy task. There will be a great demand for immediate development. We must ensure that we take a long-term perspective on projects to ensure that it balances economic benefits and impact on our environment and cultural identity. Thus, with the approval of this Bill and the proposed amendments, I look forward to the opportunities that it presents us, but I will be urging a cautious long-term perspective in the associated development.

This bill becomes **Public Law No. 18-38** and copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read 'ELOY S. INOS', with a wavy line extending to the right.

ELOY S. INOS

cc: Lt. Governor
Attorney General
Secretary of Finance
Secretary of Commerce
Special Assistant for Management & Budget
Special Assistant for Programs and Legislative Review
Governor's Press Secretary



House of Representatives

18th NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

March 10, 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. 18-179, HD4**, entitled: "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.

Pursuant to the Rules of the House of Representatives, a technical correction has been made to Section 4 of the Bill to clarify the intent not to adversely affect the provisions of the rebate.

Sincerely yours,

A handwritten signature in black ink, appearing to read "L. 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 3, 2014

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

H. B. No. 18-179, HD4

AN ACT

**TO AUTHORIZE, ESTABLISH AND REGULATE AN EXCLUSIVE
GAMING LICENSE WITHIN THE COMMONWEALTH.**

The Bill was not referred to a House Committee; and was placed on the Bill Calendar on March 3, 2014.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, MARCH 3, 2014;**
with amendments in the form of *H. B. 18-179, HD4* and transmitted to the
THE SENATE.

The Bill was not referred to a Senate Committee on.
THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, MARCH 4, 2014;
without amendments and returned to
THE HOUSE OF REPRESENTATIVES.

THE BILL WAS FINALLY PASSED ON MARCH 3, 2014

A handwritten signature in black ink, appearing to be "L. Muña", written over a horizontal line.

Linda B. Muña, House Clerk



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

Seventh Day, Third Regular Session

March 3, 2014

H. B. 18-179, HD4

AN ACT

**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 and Purposes.** The Legislature finds that a well-regulated
2 casino industry will increase tourism to the Commonwealth, stimulate the economy, and
3 provide needed government revenues. This Act is enacted pursuant to Article XXI of the
4 Constitution, in order to authorize, establish and provide for casino gambling and wagering in
5 the Commonwealth.

6 Presently, the Commonwealth has obligations to the Commonwealth's retirees. A
7 great deal of money is owed to the Northern Mariana Islands Retirement Fund, and it is
8 estimated that approximately seventy three million dollars will need to be paid to retirees and
9 beneficiaries this year. Additionally, pursuant to the Final Amended Stipulation and
10 Settlement Agreement in the NMI District Court Case 1:09-cv-00023, the Commonwealth
11 needs \$25 million for Fiscal Year 2014, \$27 million for 2015, \$30 million for 2016,
12 \$33 million for 2017, \$45 million for 2018, and a reduction of only \$1 million each year

HOUSE BILL 18-179, HD4

1 thereafter. The Fiscal Year Budget Act for 2014, however, only appropriated \$20 million for
2 the NMI Retirement Fund, a shortfall of \$5 million.

3 The Commonwealth is in dire need of revenues to honor its obligations. Without
4 such revenues, drastic reductions in force will be necessary along with the corresponding
5 reduction in services provided to the Commonwealth's residents, and payments to retirees
6 and beneficiaries may need to be reduced.

7 The Legislature further finds that the Commonwealth is losing many trained, skilled,
8 educated and professional men and women because the Commonwealth can no longer afford
9 to employ them and/or offer other opportunities for them. The economic situation in the
10 Commonwealth is forcing these individuals to leave the islands for jobs and other
11 opportunities in Guam, Hawaii and in the U.S mainland.

12 However, the Legislature finds that the enactment of this bill into law will provide
13 many employment opportunities for Commonwealth residents both in government and the
14 private sector.

15 This Act, authorizing gaming and wagering wherever it is established in the
16 Commonwealth, also impacts the other islands in that it creates direct revenue streams which
17 can be appropriated both by district and commonwealth wide, and amends criminal laws
18 throughout the Commonwealth to recognize that gaming is not a criminal activity if
19 conducted pursuant to applicable laws and regulations.

20 Consequently, the entire Commonwealth should benefit from well-regulated casino
21 gambling in these challenging economic times. This is a comprehensive Act that implicates
22 the Commonwealth government's solemn requirement to provide for the welfare of its
23 residents. Finally, the Legislature finds and declares that this Act is necessary and is a proper
24 use of the legislative power granted by Article II of the Commonwealth Constitution.

25 **Section 2. Amendment.** Subsection (a) of Section 3156 of Title 6 of the
26 Commonwealth Code is amended by adding new sub-subsection (7) as follows:

27 “(7) Any casino license pursuant to Commonwealth law or licensed pursuant
28 to the laws of a Senatorial District, and the employees and patrons of such casino.”

29 **Section 3. Amendment.** “Section 8247 of Title 1 of the Commonwealth Code shall
30 not apply to members of the board established pursuant to this Act.”

HOUSE BILL 18-179, HD4

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

3 “(b) Rebate Offset Amount.

4 (1) The rebate offset amount shall be:

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

7 (The remainder of Section 1708 (b) (1) (i) is unchanged)

8 (ii) (unchanged)

9 A. (unchanged)

10 B. (unchanged)

11 (iii) (unchanged)

12 (iv) In the case of a taxpayer who is an Exclusive Gaming
 13 Licensee, the rebate offset amount shall be 100% of the gross gaming
 14 revenue.”

15 **Section 5. Enactment.** The following is hereby enacted subject to codification by
 16 the Law Revision Commission:

17 **“TITLE I. GAMING PROVISIONS”**

18 Section 101. Exclusion from Gambling Prohibition. Casino gaming and
 19 wagering is authorized in the Commonwealth provided that such gaming and
 20 wagering occurs in the casino licensed pursuant to this Act or in a casino licensed
 21 pursuant to the laws of a Senatorial District.

22 Section 102. Central Government Taxation.

23 (a) The Taxes imposed by 4 CMC §1505, 4 CMC §1503, Amusement
 24 Machines, 4 CMC §1504, Limitation on Number of Poker Machine License Issued,
 25 and 4 CMC §1506 Criminal Penalty, and 4 CMC §1507, Regulations, shall not apply
 26 to the sole licensed casino.

27 (b) Funds received from the casino license and application fees shall be
 28 Commonwealth funds and such funds shall be appropriated pursuant to this Act.

29 (c) No Qualifying Certificates.

HOUSE BILL 18-179, HD4

1 (1) The Investment Incentive Act of 2000 (Public Law 12-32), as
2 amended and re-codified at 4 CMC § 50201 *et seq.*, shall not be applicable to
3 the casino, and shall not be eligible for a qualifying certificate.
4 Notwithstanding any other provision of law, if the casino is part of a larger
5 business or project for which a qualifying certificate is issued under such act,
6 no tax on or derived from the operation or revenue of such casino, including
7 but not limited to concession food and beverage sales within a casino shall be
8 abated or rebated by virtue of such certificate.

9 (d) After one year of the official approval and granting of the exclusive casino
10 license as set forth in this legislation, no new or additional licenses for poker,
11 pachinko and similar amusement machines outside of the approved casino
12 establishment or hotel within the Commonwealth shall be granted or allowed to
13 operate. The licenses issued for the existing poker, pachinko, and similar amusement
14 machines that began its operation prior to the granting of the exclusive casino license
15 shall be allowed to continue operation.

16 Section 103. Central Government Fees and Licenses.

17 The casino in the Commonwealth pursuant to this Act shall obtain and keep a
18 valid business license and shall pay all fees associated with such business license
19 prescribed by law unless exempted under this Act.

20 Section 104. Criminal Penalties.

21 (a) Any person who knowingly and willfully engages in casino gaming
22 activity, other than the sole casino licensed under this Act shall, upon conviction, be
23 subject to a fine not less than \$25,000.00 but not to exceed \$100,000.00, or be
24 imprisoned for not more than three years, or both.

25 (b) Any person who knowingly and willfully violates any provision of this
26 Act, other than Section 104 (a) or any regulation issued by a casino commission shall,
27 upon conviction, be subject to a fine not to exceed \$10,000, or be imprisoned for not
28 more than one year, or both.

29 (c) Any penalty imposed under this section shall be in addition to any civil
30 penalty or other sanction imposed by or pursuant to this Act.

HOUSE BILL 18-179, HD4

1 Section 105. Administrative Procedure. Any action taken by the Casino
2 Commission, including the promulgation of any rule or regulation and the imposition
3 of any civil penalty, shall be subject to the Administrative Procedure Act (1 CMC §
4 9101 *et. seq.*).

5 Section 106. Fees and Initial Investment.

6 (a) Application Fees. The Commission shall impose a one-time nonrefundable
7 One Million Dollars (\$1,000,000) casino license application fee for each applicant.
8 The applicant must deposit the One Million Dollars within fifteen (15) days after this
9 bill has been signed into law.

10 (b) Exclusive License Fees. The Commission shall impose an annual fee of
11 Fifteen Million Dollars (\$15,000,000) for the exclusive casino license and shall be
12 paid as follows:

13 (1) Payment of \$30,000,000 shall be paid upon the receipt of the
14 exclusive casino license to cover the first and the third year;

15 (2) Payment of \$15,000,000 shall be paid when the fees for the second
16 year is due; and

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

19 (c) The \$30,000,000 million shall be deposited with the Commonwealth
20 Treasurer in a third party independent escrow account no later than fifteen (15) days
21 after this bill is signed into law. The funds shall be released from escrow to the
22 Commonwealth Treasurer upon the issuance of the exclusive casino license to the
23 applicant depositing the funds. If an exclusive casino license is not issued to the
24 applicant depositing the funds, the funds shall be released to such applicant.

25 (d) Only the applicant who satisfies the payment requirement under
26 subsections (a) and (c) of this section, shall be entertained and shall submit a business
27 plan no later than thirty (30) days after this bill is signed into law.

28 (e) The commission shall only entertain applicants who satisfies the
29 requirements under section 106 (a) and (c) of this subsection.

HOUSE BILL 18-179, HD4

1 (f) The licensee shall invest at least Two Billion Dollars (\$2,000,000,000.00)
2 initial investment, to include a hotel with a minimum of 2,000 guest rooms. Any
3 purchase of an existing hotel shall not be included in satisfying the requirement of
4 building 2,000 rooms.

5 An applicant who fails to deposit the \$1million and \$30 million in escrow as
6 provided herein, shall be deemed a failure to satisfy the requirement and will result in
7 automatic disqualification.

8 Section 107. Disposition of Revenues. Notwithstanding any other law to the
9 contrary, the moneys collected pursuant to this Act shall be deposited into the
10 Commonwealth Treasury in a separate account which shall be allocated to and
11 available for appropriation as follows:

12 (a) \$2,000,000.00 of the annual license fee shall be allocated to the First
13 Senatorial District to be appropriated by the First Senatorial District Legislative
14 Delegation. Provided, however, that the funds shall first be appropriated to pay for
15 the 25% reduction of the retirees and the beneficiaries' pension.

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

20 (c) \$11,000,000.00 of the annual license fee shall be allocated to the Third
21 Senatorial District for the following:

22 (1) \$8,900,000.00 shall be paid to pay for the 25% reduction of the
23 retirees and the beneficiaries' pension; and

24 (2) \$1,000,000.00 shall be paid to the Commonwealth Healthcare
25 Corporation to address the CMS requirement. This allotment is only a one-
26 time allotment to CHCC.

27 (3) \$1,100,000.00 shall be placed into a land compensation account for
28 the payment of land compensation judgments.

29 (d) Only One Million Dollars (\$1,000,000.00) of the nonrefundable
30 application fees shall be reserved for the operation, personnel, and all other expenses

HOUSE BILL 18-179, HD4

1 of the commission for the first year. For subsequent years, the budget for the
2 commission shall be by legislative appropriation from the general funds.

3 ***Title II – Casino Controls***

4 Section 201. Purpose of Title. This title provides for and controls casino
5 gambling in the Commonwealth pursuant to this Act.

6 Section 202. Definitions. As used in this Act, the term:

7 (a) ‘casino’ means a place, area, structure, vessel, communication channel, or
8 other thing, tangible or intangible, subject to licensing pursuant to this Act for the
9 conduct and playing of one or more games, or the acceptance of bets and wagers,
10 including all associated activities of gaming and wagering, such as money counting,
11 surveillance, accounting, and storage, related to such conduct and playing, provided,
12 that such term shall not include areas of a resort complex or other facility exclusively
13 devoted to other activities, such as a hotel, golf course, etc., in which no game is
14 conducted or played and no wagering occurs;

15 (b) ‘casino employees’ mean any natural person employed in the operation of
16 a licensed casino, including, without limitation, entertainers, boxers and boxing
17 personnel; dealers or croupiers; floormen and floor personnel; machine mechanics;
18 casino security employees; count room personnel; cage personnel; slot machine and
19 slot booth personnel, collection personnel; casino surveillance personnel; supervisory
20 and managerial personnel; and data processing personnel; or any other natural person
21 whose employment duties require or authorize access to restricted casino areas,
22 including without limitation, appropriate indoor and outdoor maintenance and service
23 personnel; bartenders and bar personnel; waiters and waitresses; chefs, cooks and
24 support staff; and secretaries and administrative personnel;

25 (c) ‘casino gaming activities’ means all games of chance and other games
26 played in major casino establishments in the United States and other games approved
27 by the Commission, and further includes the operation of a sports book approved by
28 the Commission to accept bets and wagers on sporting and other events which rely on
29 events which occur within and without the casino;

HOUSE BILL 18-179, HD4

1 (d) 'casino gross gaming revenue' means the total sums actually received from
2 casino gaming activities, including credit card payments received and checks received
3 whether collected or not, less the total amount paid out as winnings, provided that any
4 sum received in payment for credit extended by a casino or operator for purposes of
5 casino gaming activities or for the issue of a chip or chips for casino gaming
6 activities shall be included as a sum received from gaming, and provided further that
7 no allowance shall be permitted for any credit card fee or discount;

8 (e) 'casino service provider' means a person subject to licensing pursuant to
9 this Act that offers goods or services directly related to casino gaming activities,
10 including such persons as gaming equipment manufacturers, importers, distributors,
11 or repairers; schools that teach gaming, including playing, dealing, or other
12 techniques; and casino security services;

13 (f) 'Commission' means the Commonwealth Casino Commission established
14 by this title;

15 (g) 'convention center' is a place, combining the requirements of a hotel
16 described in subsection (k) of this section, for a formal assembly or meeting of
17 members, representatives, or delegates of a group, such as a political party, fraternity,
18 union, business, government or religious entity;

19 (h) 'game' means any activity that includes elements of prize, consideration,
20 and chance, or any 'game' that is approved by the Commission for the casino's
21 purposes;

22 (i) 'gaming' means the playing of any game;

23 (j) 'hotel' means a building containing not fewer than 250 sleeping units
24 (rooms), each held available and used regularly for the lodging of tourists and guests
25 who are also provided entertainment, meals, and other services;

26 (k) 'operator' means any person that actually provides the overall management
27 of the operations of a casino, whether by ownership, lease, contract, agreement, or
28 otherwise; and

29 (l) 'person' includes a natural person, as well as a partnership, corporation,
30 association, joint venture, or other business entity.

HOUSE BILL 18-179, HD4

1 (m) 'resort' means a place, such as a hotel with no fewer than 500 rooms and a
2 meeting hall, convention center or other large event space capable of accommodating
3 1,000 attendees, that is frequented by people for relaxation or recreation.

4 (n) 'Wager' or 'Wagering' means a contract in which two or more parties
5 agree that a sum of money or other thing, tangible or intangible, shall be paid or
6 delivered to one of them or that that shall gain or lose on the happening of an
7 uncertain event or upon the ascertainment of a fact in dispute.

8 Section 203. Establishment of Regulatory Commission.

9 (a) The Commonwealth Casino Regulatory Commission is hereby established.

10 (b) Appointment of Commissioners and Term. The Commission shall consist
11 of Five (5) Commissioners.

12 (1) The Governor shall within thirty (30) days after the effective date
13 of this Act appoint from the Third Senatorial District three (3) members to the
14 Commission, subject to the advice and consent of the Saipan and Northern
15 Islands Legislative Delegation.

16 (2) The Mayor of Rota shall within thirty (30) days after the effective
17 date of this Act appoint from the First Senatorial District one (1) member to
18 the Commission, subject to the advice and consent of the Rota Legislative
19 Delegation.

20 (3) The Mayor of Tinian and Aguiguan shall within thirty (30) days
21 after the effective date of this Act appoint from the Second Senatorial District
22 one (1) member to the Commission, subject to the advice and consent of the
23 Tinian and Aguiguan Legislative Delegation.

24 (4) Each member shall serve a term of four years, except that of the
25 members first appointed, two shall serve a term of two years, and three shall
26 serve a term of four years, which shall be determined by lottery at the first
27 meeting of the Commission.

28 (5) The terms of all the members first appointed shall begin from the
29 first day of the first month beginning at least 15 days after the effective date of
30 this title, regardless of the actual date of appointment.

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1 (6) Any vacancy shall be filled in the same manner as the original
2 appointment and for the unexpired term thereof. No member shall serve more
3 than two consecutive terms. A member removed from the Commission for
4 cause shall not be re-appointed to the Commission.

5 (c) Qualifications of Commissioners.

6 (1) Each member shall be a citizen or national of the United States and
7 shall be a resident of and registered to vote in the Senatorial District from
8 which they were appointed.

9 (2) A Commission member must be an adult, and possess a good moral
10 character, a bachelor's degree in any field of study from a postsecondary
11 educational institution accredited in the United States or must have at least
12 five (5) years work experience in the following areas: business management,
13 government management, or financial management.

14 (3) No person may be appointed who has been convicted of a crime,
15 excepting traffic offenses, in any jurisdiction of the United States, the
16 Commonwealth or any foreign country carrying a maximum sentence or
17 imprisonment of more than six months, or any crime or offense involving
18 moral turpitude unless a full pardon has been granted.

19 (4) No member shall serve in any other positions established by this
20 Act or shall be an employee or official of the Commonwealth, or of a
21 municipality, agency, corporation, or other instrumentality or branch of the
22 Commonwealth, or of any agency of local government of the Commonwealth,
23 except that a member may serve without additional compensation on a task
24 force or other temporary body the work of which is related to the work of the
25 Commission.

26 (5) No individual may serve as a member of the Commission, if such
27 individual, or a parent or child of such individual, holds or is an applicant for
28 any license under this title or holds any direct or indirect financial interest in
29 any person or entity that holds or is an applicant for any license under this
30 title.

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1 (6) The gender and ethnicity requirements of 1 CMC § 2901 shall not
2 apply to the Commission.

3 (d) Removal of Commissioner for Cause Only. The Governor may, for cause
4 only, suspend or remove any Commission member, without regard to who appointed
5 said member, subject to judicial review by the Superior Court, which may stay such
6 removal or suspension pending such review.

7 (e) Membership on the Commission shall automatically be forfeited upon
8 violation of subsection (c) of this section, upon conviction of a felony, or upon
9 conviction of any crime or offense involving moral turpitude.

10 (f) The Commission shall not be considered an agency of local government for
11 purposes of Article VI, Section 8, of the Constitution.

12 (g) Compensation. Members of the Commission shall each be compensated at
13 the rate of \$75,000.00 per year, and shall be reimbursed for their actual, necessary,
14 and reasonable expenses incurred in the performance of their duties. Members shall
15 not receive per diems for meetings. All travel will be subject to 1 CMC §7407.

16 (h) The members of the Commission shall elect their chairman, vice chairman,
17 secretary and treasurer for terms of one year, beginning from the effective date of
18 their confirmation.

19 (i) Quorum. The minimum number of members needed to constitute a
20 quorum for the conduct of Commission business shall be three members. The
21 Commission is encouraged to adopt rules and regulations to provide for the
22 appearance at meetings telephonically or via videoconference by members who are
23 not physically present at the meeting. A member who appears telephonically or via
24 videoconference pursuant to Commission rule or regulation shall be deemed present
25 to constitute a quorum.

26 Section 204. Powers and Duties of the Commission. The Commission shall
27 have all powers and authority necessary to carry out the purposes of this Act,
28 including, without limitation, the responsibility:

HOUSE BILL 18-179, HD4

1 (a) To conduct hearings pertaining to the violation of this Act or regulations
2 promulgated hereto; including hearings for the purpose of approving Casino licenses
3 and other business allowed under this Act.

4 (b) To promulgate such rules and regulations, as may be necessary to fulfill
5 the intent, policies and purposes of this Act. The Commission may use such rules and
6 regulations to interpret, enlarge upon, or define, or any provision of this Act to the
7 extent that such provision is not specifically defined by this Act. The rules and
8 regulations shall, at a minimum, provide for the following:

9 (1) A code of ethics for the members of the Commission and its
10 officers and employees.

11 (2) Supervision, monitoring and investigation or other means to ensure
12 the suitability and compliance with the legal, statutory and contractual
13 obligations of owners, operators, and employees of casinos and other persons
14 licensed under this Act.

15 (3) The examination, supervision and monitoring of the continuing
16 fiscal and financial capability of casino owners, operators, concessionaires and
17 other parties with any direct relation to the sole casino and to protect the
18 public in the event that such capability is significantly diminished.

19 (4) To collaborate in the definition, co-ordination and execution of the
20 economic policies for the operations of the casino games of fortune and other
21 ways of gaming, pari-mutuels, wagering and casino gaming activities offered
22 to the public.

23 (5) To authorize and certify all the equipment and utensils used by the
24 operations of the concessionaires approved in the respective concessions.

25 (6) To issue licenses for "junket" promoters of casino games of fortune
26 or other casino gaming activities.

27 (7) To examine, supervise and monitor the eligibility of the single or
28 collective junket promoter(s), their partners and principal employees.

29 (8) To examine, supervise and monitor the activities and promotions of
30 the junket promoters in relation to their compliance with legal, statutory, and

HOUSE BILL 18-179, HD4

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contractual obligations, and other responsibilities stipulated in the applicable legislation and contracts.

(9) To investigate and penalize any administrative infractions practiced according to the appropriate substantial and procedural legislations.

(10) To ensure that the relationship of the licensed gaming operators with the government and the public is in compliance with the Commission's regulations and provides the highest interest to Commonwealth.

(11) The exclusion and removal of undesirable persons from the sole casino.

(12) Civil penalties for the violation of provisions or regulations imposed under this Act.

(13) Penalties for the late payment of applicable fines, fees or taxes.

(c) To levy fines and penalties for the violation of provisions of this Act and the regulation promulgated by the Commission.

(d) To require and demand access to and inspect, examine, photocopy, and audit all papers, books and records of the casino operator on its premises or elsewhere as practical, including inspecting the gross income produced by the casino operators, gaming business and verification of their income, and all other matters affecting the enforcement of the Commission's policy or as required pursuant to this Act.

(e) The types of gaming and games to be covered by the casino license include, but are not limited to:

- (1) Roulette,
- (2) American Roulette,
- (3) European Roulette,
- (4) Slot machines,
- (5) Video slot machines,
- (6) Video lottery terminals,
- (7) Blackjack,
- (8) European Blackjack,
- (9) "21,"

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- 1 (10) Face Up 21,
- 2 (11) Match Play 21,
- 3 (12) Super 21 Pachinko,
- 4 (13) Craps,
- 5 (14) Poker,
- 6 (15) Stud Poker,
- 7 (16) Hold 'Em Poker,
- 8 (17) PaiGow,
- 9 (18) Rummy,
- 10 (19) Three Card Rummy,
- 11 (20) Wheel of Fortune,
- 12 (21) Big Six Wheel,
- 13 (22) Boule,
- 14 (23) Keno,
- 15 (24) Baccarat,
- 16 (25) War,
- 17 (26) Sic Bo,
- 18 (27) Faro,
- 19 (28) Monte,
- 20 (29) Lansquenet,
- 21 (30) Punchboard,
- 22 (31) Rouge-et-Noir,
- 23 (32) Rondo,
- 24 (33) Tan,
- 25 (34) Fan-tan,
- 26 (35) Seven-and-a-half, and
- 27 (36) all the variations of the aforementioned, including any banking or
- 28 percentage game played with cards, dice or any device played for money,
- 29 credit or other things of value.

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1 (f) The Commission shall also regulate sports betting, pari-mutuel betting,
2 and other wagering which relies on events occurring within or without the casinos
3 regulated by the Commission.

4 (g) The Commission shall not regulate betting or wagering associated with
5 Cockfighting.

6 (h) The Commission shall not have the authority to issue license to the sole
7 Casino Operator. The power to issue such sole Casino Operator license lies with the
8 Commonwealth Lottery Commission.

9 Section 205. Executive Director.

10 (a) The Commission shall hire an Executive Director who will be responsible
11 for the overall administration of the Commission and, the supervision of the Casino
12 Licensee and others pursuant to this Act.

13 (b) Qualification of the Executive Director. The Executive Director shall
14 possess the following minimum qualification:

15 (1) A Bachelor's Degree from a United States accredited educational
16 institution or equivalent; and

17 (2) Five-years work experience in professional, administrative or
18 management in government or private sectors; and

19 (3) Good ethical and moral character; and

20 (4) The Commission shall not hire any person for the Executive
21 Director's position who has been convicted of a crime in any jurisdiction of
22 the United States, or any foreign country carrying a minimum sentence of
23 imprisonment of more than six (6) months, excepting traffic offenses.

24 (5) The Executive Director shall not have any interest, directly or
25 indirectly, in any business under the jurisdiction of the Commission.

26 (c) The Executive Director shall be the head of the administration of the
27 Commission, and subject to the general oversight and direction of the Commission,
28 shall organize the work of the Commission in a manner that will ensure its efficient
29 and effective operation and, subject to the budget authority, the Executive Director
30 may hire and terminate such staff necessary to carry out the purpose of the

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1 Commission. Such staff shall be exempt from the civil service. The Executive
2 Director shall obtain such equipment, rent or build such additional office space, and
3 generally make such regular office expenditure and acquisitions as necessary to
4 establish and maintain a working office suitable for the Commission to effectively
5 function pursuant to this Act.

6 (d) The Executive Director shall have such other duties as may be assigned or
7 delegated by the Commission.

8 (e) The Executive Director serves at the pleasure of the Commission.

9 (f) The Executive Director's annual salary shall be established by the
10 Commission but in no event shall it exceed \$85,000.00 per year. The Executive
11 Director shall be reimbursed for actual, necessary, and reasonable expenses incurred
12 in the performance his or her duties as allowed by the Commission, but in any event
13 not to exceed \$25,000.00 in reimbursements per calendar year. All travel will be
14 subject to 1 CMC §7407.

15 Section 206. Rules and Regulations.

16 (a) The Commission shall promulgate rules and regulations to carry out the
17 purposes of this title, including but not limited to, gaming promotional activities and
18 licensing carried out by independent third parties (agents), granting of gaming credit,
19 prohibited gambling, anti-money laundering, compliance and internal controls, and
20 control of the financial suitability of gaming operators. The Commission may, in
21 addition to any other purpose, use such rules and regulations to interpret, enlarge
22 upon, or define any provision of this title. Such rules and regulations shall take into
23 consideration the need for companies generally to be able to participate in the gaming
24 industry in the Commonwealth without jeopardizing their ability to maintain or
25 receive gaming licenses from other United States or foreign jurisdictions.

26 (b) Subject to the other provisions of this title, the rules and regulations shall
27 provide for, in addition to the rules and regulations set forth in Section 204(c) of this
28 Act, the following:

29 (1) Means to exclude from the gaming areas of a casino individuals
30 under 21 years of age, except such lawful employees of the casino or of a

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1 resort complex or other facility of which the casino forms a part as the
2 Commission determines by regulation may be present in such areas and

3 (2) provisions for the casinos to attempt to identify and refuse service
4 to gambling addicts and problem gamblers as they may be defined by the
5 Commission.

6 Section 207. License.

7 (a) Casino License.

8 (1) Exclusive License.

9 (A) Number of Authorized License. The granting of the Exclusive
10 Casino License is within the province of the Commonwealth Lottery
11 Commission. It grants the exclusive license to one (1) casino operator
12 pursuant to this Act.

13 (B) Term. Once the exclusive license is granted, it shall be for a
14 period of twenty-five (25) consecutive years with an option to extend the term
15 for fifteen (15) additional years and a second option to renew for another forty
16 (40) years, but the option to renew must be submitted no later than three (3)
17 years prior to the expiration of the original term.

18 (C) Criteria: Other criteria required for the issuance of a license shall
19 be provided for by regulations promulgated pursuant to this Act, but shall
20 include financial capacity to operate hotel or resort and the casino that serves
21 the best interest of the people of the Commonwealth both short term and long
22 term as intended under this Act.

23 (D) Restrictions. The Commission shall approve the casino licensee's
24 set number of games, such as slot machines or gaming tables, either in total or
25 by category, which will be offered for play for an establishment to constitute a
26 casino. The Commission shall determine whether a casino shall offer a sports
27 pool, race book, system for pari-mutuel wagering, or similar system dependent
28 on on-premise or off-premises events. Pursuant to this subsection, each casino
29 licensee shall operate a conforming casino in good faith so as to prohibit a
30 license from being held without a good faith casino operation.

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1 (b) Casino Service Providers. The Commission shall, by regulation,
2 determine which types of casino service providers shall require licensing under this
3 title and shall, subject to Section 206 of this Act, provide for such licensing.

4 (c) Individual Licenses.

5 (1) The Commission may, consistent with and in addition to other
6 applicable Commonwealth laws and regulations, license or otherwise regulate
7 the employment of individuals by or in the casino, and set charge fees
8 therefore.

9 (2) The Commission may provide for the licensing of such types of
10 employees of casino service providers as the Commission determines should
11 be licensed, and of other types of individuals (other than patrons) who the
12 Commission determines should be licensed because of their association with
13 or presence in the casino, and set and charge fees therefore.

14 (d) Review. A license suspension or revocation is reviewable in the
15 Commonwealth Superior Court as a final action of a government body.

16 (e) Inspection and Monitoring. The Commission shall provide by regulation,
17 as a condition of a casino license or casino service provider license, that the
18 Commission or its authorized representatives may inspect and monitor, at any time
19 and with or without notice, any part of the licensed casino, its gaming operations,
20 equipment, records, and related activities and any similar area or activity of the
21 licensed casino service provider, and that a law enforcement officer may enter any
22 such area as requested by the Commission.

23 (f) Change of Licensee. No license may be sold, assigned, pledged,
24 transferred, or otherwise alienated or encumbered without the express written
25 permission of the Commission or as the Commission may by regulation provide. A
26 change in the ownership or control of a licensee shall be considered a transfer of a
27 license under this subsection, except where a change in ownership is as a result of
28 change in stockholders of a publicly held corporation. The seller of the license must
29 pay all taxes due as a result of capital gains as a result of the sale in license. No sale
30 or lease of a casino (or of a larger establishment of which the casino is a part) or

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1 contract for its operation or management may be entered into, except as set forth in
2 clause (1) and (2) herein.

3 (1) Before the license is granted, if such sale, lease or contract was
4 considered by the Commission in its decision whether to grant the license; or

5 (2) After a license is granted and after any necessary investigation,
6 with the express written permission of the Commission, which shall not be
7 withheld unreasonably.

8 Section 208. Investigations.

9 (a) "Commission" as used in this section means the Commonwealth Casino
10 Regulatory Commission working in cooperation with the Commonwealth Lottery
11 Commission.

12 (b) Prior to the issuance of the license under this title, the Commission shall
13 investigate the applicant and any related or associated person holding more than five
14 (5%) percent or more shares of the share capital up to the ultimate shareholder or a
15 publicly held corporation for such license, as the Commission determines, either by
16 regulation or in an individual case, to protect the public interest. If such person or a
17 publicly held corporation holds a similar license from any other United States
18 jurisdiction, the Commission shall limit such investigation in determining the validity
19 of that license and inquiring of the issuer of such license regarding any negative
20 information relating to such person or a publicly held corporation. The Commission
21 may similarly limit the investigation of any such person or a publicly held corporation
22 that holds such a license issued by a foreign jurisdiction upon the advice of the
23 Federal Bureau of Investigation, the United States Department of the Treasury, or
24 other applicable federal agency that the foreign issuer may be relied upon for such
25 purpose.

26 (c) The Commission shall, in connection with the potential sale, lease,
27 transfer, change in ownership, or other change related to a license issued under this
28 title, investigate any person involved in such transaction as necessary to protect the
29 public interest in future activities under such license.

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1 (d) The Commission shall not require that the applicant reimburse the
2 Commission for its outside expenses incurred in the conduct of an investigation of an
3 applicant. The Commission may require that a licensee reimburse the Commission for
4 its outside expenses incurred in the conduct of an investigation of the licensee.

5 (e) The Commission may at any time investigate the holder of any license
6 under this title or any related person, with or without notice to such holder or person,
7 when it determines that such investigation is warranted.

8 Section 209. Detention of Violators. The operator of a casino, any employee
9 or agent of such operator, or any person inspecting or monitoring a gaming
10 establishment on behalf of the Commission, may, upon reasonable suspicion, detain
11 in a suitable place in such gaming establishment (or elsewhere in a resort complex or
12 other facility of which the gaming establishment is a part) any person who, on the
13 premises of such gaming establishment, is or may be violating this title or any
14 regulation promulgated pursuant to this title, or who is or may be committing a
15 related crime (such as a crime against property set out in Part 2 of 6 CMC, Division
16 1), using such force as is reasonably necessary for that purpose, until the arrival of a
17 law enforcement officer. The detaining person shall take such steps as are necessary
18 to ensure that a law enforcement officer is summoned and arrives with as little delay
19 as possible.

20 Section 210. Exclusion or Removal. A casino operator or any employee or
21 agent of such operator may exclude or remove any undesirable person from a casino
22 pursuant to regulations promulgated by the Commission and may use reasonable
23 force to carry out such exclusion or removal. A casino may establish and enforce a
24 dress code for its patrons, and any person who fails to comply with such code on the
25 premises of such gaming establishment may, at the discretion of the casino operator,
26 be deemed an undesirable person for purposes of this section. Any action taken under
27 this section shall comply with any applicable federal or Commonwealth law that
28 prohibits discrimination by private persons against individuals generally or against
29 any protected class of individuals.

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1 Section 211. Immunity for Detention, Exclusion, or Removal. No civil or
2 criminal action shall lie against any person for action reasonably taken pursuant to
3 Section 209 or 210.

4 Section 212. Entry by Law Enforcement Officers. A law enforcement officer
5 may, without warrant, notice, or explanation, enter any area of a casino to which a
6 patron of the casino or the public has access and, for such purpose, such area is a
7 public place in which the officer may exercise any power or discharge any duty which
8 may be exercised or discharged in a public place under this title or any other
9 provision of law. A law enforcement officer may enter any other area of a casino or
10 any area of a casino service provider with the consent of any person having control
11 over such area, at the request of any person inspecting or monitoring such area on
12 behalf of the Commission under Section 207(e) of this title, or as otherwise
13 authorized by law.

14 Section 213. Gambling by Commission and Licensees Prohibited.

15 (a) No member, officer, employee, or agent of the Commission shall play any
16 game in or make any bet or wager:

17 (1) the casino under the jurisdiction of the Commission;

18 (2) any other gaming establishment reasonably associated with any
19 such gaming establishment; or

20 (3) any gaming establishment, the owner, lessee, operator, or manager
21 of which is an applicant for a license from the Commission, or is a potential
22 applicant that has entered into discussions with the Commission prior to such
23 application and has not clearly abandoned its interest in a license, or is
24 reasonably associated with such an applicant or potential applicant.

25 (b) No member, officer, employee, or agent of the Commission shall
26 knowingly be an employee of or have any business or financial association with or
27 interest in any casino or casino service provider licensee under this title or any
28 business reasonably related to such licensee.

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1 (c) No owner, lessee, operator, manager, officer, employee, agent, or other
2 person associated with a casino licensed under this title shall play any game or make
3 any bet or wager in such casino.

4 Section 214. Administrative Penalties. The Commission may, by regulation,
5 provide civil penalties for the violation of this title or of any regulation or order issued
6 pursuant to this title. No penalty may exceed \$50,000, and a range of lesser penalties
7 shall be provided for minor or intermediate violations. Such regulations may specify
8 conditions under which a natural person who causes any other person to commit a
9 violation (generally or for any specified type of transaction) shall also be liable for
10 such violation. The Commission may suspend, reduce, or rescind any penalty
11 imposed pursuant to this section and according to any and all due process
12 protections.”

13 Section 215. Nonprofit gaming permits. Notwithstanding the foregoing, the
14 Secretary of Commerce’s authority to grant special gaming permits for charitable
15 organizations and 6 CMC § 3157 as applicable to nonprofit gaming permits shall not
16 be in any way affected by any provision of this Act.”

17 **Section 6. Severability**. If any provision of this Act or the application of any such
18 provision to any person or circumstance should be held invalid by a court of competent
19 jurisdiction, the remainder of this Act or the application of its provisions to persons or
20 circumstances other than those to which it is held invalid shall not be affected thereby.

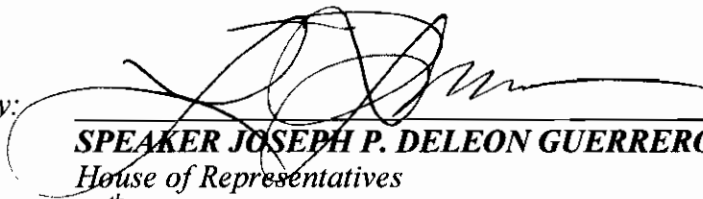
21 **Section 7. Savings Clause**. This Act and any repealer contained herein shall not be
22 construed as affecting any existing right acquired under contract or acquired under statutes
23 repealed or under any rule, regulation or order adopted under the statutes. Repealers
24 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
25 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
26 any liability, civil or criminal, which shall already be in existence on the date this Act
27 becomes effective.

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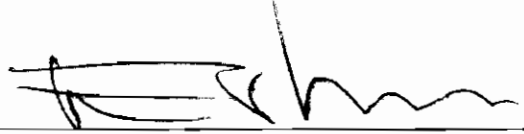
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Section 8. Effective Date. This Act shall take effect upon its approval by the Governor or its becoming law without such approval.

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 **21ST** day of **MARCH**, 2014


ELOY S. INOS
Governor
Commonwealth of the Northern Mariana Islands