



# COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

**Eloy S. Inos**  
Governor

**Jude U. Hofschneider**  
Lieutenant Governor

**11 JUL 2014**

Honorable Joseph P. Deleon Guerrero  
Speaker, House of Representatives  
Eighteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950

Honorable Ralph DLG. Torres  
Senate President, the Senate  
Eighteenth Northern Marianas  
Commonwealth Legislative  
Saipan, MP. 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 18-195, HD1, entitled, "To repeal and reenact Public Law 18-38 as amended by Public Law 18-43, "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.

This bill becomes **Public Law No. 18-56**. 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 from the end.

ELOY S. INOS

cc: Lt. Governor; Press Secretary; Secretary of Commerce; Northern Marianas Retirement Fund; Secretary of Finance; Office of the Attorney General; Public Auditor Special Assistant for Administration; Special Assistant for Programs & Legislative Review



# *House of Representatives*

18<sup>th</sup> NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
P.O. BOX 500586  
SAIPAN, MP 96950

July 11, 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. 18-195, HD1**, entitled: "To repeal and reenact Public Law 18-38 as amended by Public Law 18-43, 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**

**Second Special Session**

**June 18, 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. 18-195, HD1**

**AN ACT**

**TO REPEAL AND REENACT PUBLIC LAW 18-38 AS AMENDED  
BY PUBLIC LAW 18-43, TO AUTHORIZE, ESTABLISH AND  
REGULATE AN EXCLUSIVE GAMING LICENSE WITHIN THE  
COMMONWEALTH.**

The Bill was referred to the House Committee on Ways and Means, which submitted Standing Committee Report 18-114; adopted July 8, 2014.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON  
FIRST AND FINAL READING, JULY 8, 2014;**  
*with amendments* in the form of H. B. 18-195, HD1 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, JULY 10, 2014;**  
*without amendments* and returned to  
**THE HOUSE OF REPRESENTATIVES.**

**THE BILL WAS FINALLY PASSED ON JULY 8, 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**

FIRST DAY, THIRD SPECIAL SESSION

JULY 8, 2014

---

---

**H. B. 18-195, HD1**

**AN ACT**

**TO REPEAL AND REENACT PUBLIC LAW 18-38 AS AMENDED BY PUBLIC  
LAW 18-43, 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 Purpose.** The Legislature recognizes that Public Law 18-  
2 38, as amended by Public Law 18-43, authorized and established an exclusive gaming license  
3 for the operation of a casino in the Commonwealth. A well regulated casino industry was  
4 determined to be in the best interest of the Commonwealth as it would increase tourism in the  
5 Commonwealth, stimulate the economy and provide needed government revenues. The prior  
6 law established the framework for the casino industry, but included some ambiguities and  
7 conflicts.

8           Public Law 18-38, as amended by Public Law 18-43, granted the Commonwealth  
9 Lottery Commission the power to review applications and issue the exclusive casino license.  
10 The law did not clearly provide that the Commonwealth Lottery Commission could carry out  
11 the investigation on its own if the Commonwealth Casino Commission was not established  
12 by the time the applications were received. Nor did the law clearly authorize the

---

**HOUSE BILL 18-195, HD1**

---

1 Commonwealth Lottery Commission to expend funds from the application fees to carry out  
2 the investigation.

3 With a good faith belief that it had the authority to do so, the Commonwealth Lottery  
4 Commission began its investigation of the applications and expended funds from the  
5 application fees to do so. The acts of the Commonwealth Lottery Commission are consistent  
6 with the legislative intent of the Act – the power to issue the license must also include the  
7 power to carry out all pre-issuance matters, including the investigation of the applicants. To  
8 cure any ambiguities and inadvertent omissions in the law and to insure that the law is  
9 consistent with the Legislature’s intent, the Legislature specifically finds that retroactive  
10 application of this Act is necessary. The intent of this Act is to ratify good faith actions taken  
11 by the Commonwealth Lottery Commission, including but not limited to, all contracts  
12 entered into and expenditures made in the process of reviewing the applications for the  
13 exclusive casino license.

14 The Legislature further finds that repeal and reenactment of Public Law 18-38, as  
15 amended by Public Law 18-43, in its entirety is necessary to resolve challenges to the  
16 legislative procedure in the passing of H.B. 18-179 and H.B. 18-182. The Legislature  
17 maintains that each house of each legislature has the constitutional authority to establish their  
18 rules of procedure and does not concede that the Open Government Act applies to any  
19 legislature. However, to avoid any delay in the implementation of this Act, the Legislature  
20 finds that it is prudent and necessary to repeal and reenact Public Law 18-38, as amended by  
21 Public Law 18-43, in its entirety and make its application retroactive to the effective date of  
22 Public Law 18-38, March 21, 2014.

23 **Section 2. Repeal.** Public Law 18-38, Public Law 18-43 and 4 CMC Sections 2301  
24 through 2326 are repealed in their entirety.

25 **Section 3. 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 licensed 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 4. Amendment.** Section 8247 of Title 1 of the Commonwealth Code shall  
30 be amended to add a new subsection that reads as follows:

---

**HOUSE BILL 18-195, HD1**


---

1                   “(k) This section shall not apply to members of the Commonwealth Casino  
2 Commission.”

3                   **Section 5. Amendment.** Section 8243 of Title 1 shall be amended to read as  
4 follows:

5                   “(a) “Employee” includes full-time and part-time personnel, and employees of  
6 federal programs who receive their paychecks from the Commonwealth Government.  
7 “Employee” does not include a fund custodian pursuant to 1 CMC § 8352, an  
8 investment agent pursuant to 1 CMC § 8353, a member of the Commonwealth Casino  
9 Commission under 4 CMC § 2313, or an independent services contractor, a  
10 consultant, or a professional services contractor.”

11                   (b) (unchanged)

12                   **Section 6. Amendment.** Section 1708 (b) (1) of Title 4 of the Commonwealth Code  
13 is amended to read:

14                   “(b) Rebate Offset Amount.

15                   (1) The rebate offset amount shall be:

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

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

19                   Not over \$20,000                   90 percent of the rebate base.

20                   Over \$20,000 but not over \$100,000                   \$18,000 plus 70 percent of  
21 the rebate base over \$20,000.

22                   Over \$100,000                   \$74,000 plus 50 percent of the rebate  
23 base over \$100,000.

24                   (ii) (unchanged)

25                   A. (unchanged)

26                   B. (unchanged)

27                   (iii) (unchanged)

28                   (iv) In the case of a taxpayer who is an Exclusive Gaming  
29 Licensee, the rebate offset amount for non-gaming revenue shall be the

---

**HOUSE BILL 18-195, HD1**


---

1 amount calculated under subparagraph (i). For casino gaming revenue,  
 2 the rebate offset amount shall be 100% of the income tax imposed on  
 3 net gaming revenue taxable income up to fifteen million dollars  
 4 (\$15,000,000). For casino net gaming revenue taxable income in  
 5 excess of fifteen million dollars (\$15,000,000) the rebate offset amount  
 6 shall be the amount calculated under subparagraph (i).”

7 **Section 7. Reenactment.** 4 CMC Sections 2301 through 2326 are reenacted as  
 8 follows:

9 **“Chapter 3. Gaming”**

10 **Article 1. Gaming Provisions.**

11 **§ 2301. Exclusion from Gambling Prohibition.**

12 Casino gaming and wagering is authorized in the Commonwealth provided  
 13 that such gaming and wagering occurs in the casino licensed pursuant to this chapter  
 14 or in a casino licensed pursuant to the laws of a Senatorial District.

15 **§ 2302. Central Government Taxation.**

16 (a) The taxes imposed by 4 CMC § 1505, 4 CMC § 1503, Amusement  
 17 Machines, 4 CMC § 1504, Limitation on Number of Poker Machine License Issued,  
 18 and 4 CMC § 1506 Criminal Penalty, and 4 CMC § 1507, Regulations, shall not apply  
 19 to the sole licensed casino.

20 (b) Funds received from the casino license fees shall be Commonwealth funds  
 21 and such funds shall be appropriated pursuant to this chapter.

22 (c) No Qualifying Certificates.

23 (1) The Investment Incentive Act of 2000 (Public Law 12-32), as  
 24 amended and re-codified at 4 CMC §§ 50201 *et seq.*, shall not be applicable to  
 25 the casino licensed pursuant to this Chapter, and such casino shall not be  
 26 eligible for a qualifying certificate. Notwithstanding any other provision of  
 27 law, if the casino is part of a larger business or project for which a qualifying  
 28 certificate is issued under such act, no tax on or derived from the operation or  
 29 revenue of such casino, including but not limited to concession food and

---

**HOUSE BILL 18-195, HD1**

---

1 beverage sales within a casino shall be abated or rebated by virtue of such  
2 certificate.

3 (d) After April 2, 2015, no new or additional licenses for poker, pachinko, or  
4 similar amusement machines, but not including electronic gaming machines as  
5 defined in 6 CMC § 3154(a) (4), shall be granted or allowed to operate outside of the  
6 approved casino establishment, hotel, or La Fiesta within the Third Senatorial  
7 District. The licenses issued for poker, pachinko, and similar amusement machines  
8 that began its operation prior to April 2, 2015 shall be allowed to continue operation  
9 in the Third Senatorial District.

10 **§ 2303. Central Government Fees and Licenses.**

11 The casino established pursuant to this chapter shall obtain and keep a valid  
12 business license and shall pay all fees associated with such business license  
13 prescribed by law unless exempted under this chapter.

14 **§ 2304. Criminal Penalties.**

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

19 (b) Any penalty imposed under this section shall be in addition to any civil  
20 penalty or other sanction imposed by or pursuant to this chapter.

21 **§ 2305. Administrative Procedure.**

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

25 **§ 2306. Fees and Initial Investment.**

26 (a) Application Fees. An applicant for a license under this chapter shall pay a  
27 one-time nonrefundable application fee of one million dollars. The applicant must  
28 submit an application to the Commonwealth Lottery Commission and deposit the one  
29 million dollars fee with the Commonwealth Treasury before May 2, 2014.

30 (b) Exclusive License Fees. The annual fee for the exclusive license shall be



## HOUSE BILL 18-195, HD1

1 fifteen million dollars and shall be paid as follows:

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

4 (i) To be eligible for the exclusive license, the \$30,000,000  
5 required for the first and fifth year fees shall be deposited in a third party  
6 independent escrow account, to be selected by the Commonwealth  
7 Treasurer, no later than May 16, 2014. Documentation evidencing such  
8 deposit shall be submitted to the Commonwealth Lottery Commission  
9 with the applicant's business plan. The funds and any interest shall be  
10 released from escrow to the Commonwealth Treasurer upon the issuance  
11 of the exclusive casino license to the applicant depositing the funds. If an  
12 exclusive casino license is not issued to the applicant depositing the  
13 funds, the funds and any interest shall be released to such applicant upon  
14 the denial of the application.

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

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

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

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

27 (d) An applicant who fulfills the requirements of subsections (a) and (b) shall  
28 submit an acceptable business plan to the Commonwealth Lottery Commission no  
29 later than May 16, 2014.

30 (1) The business plan must provide a timeline and cost breakdown that

---

**HOUSE BILL 18-195, HD1**

---

1 specifically demonstrates how and when the applicant will comply with the  
2 requirements of the minimum initial investment under subsection (e).

3 (e) The applicant who is granted an exclusive license under this chapter shall  
4 make an initial investment of at least two billion dollars, to include a casino and a  
5 resort with a minimum of 2,000 guest rooms. The purchase of an existing hotel shall  
6 not be included in satisfying the requirement of building 2,000 rooms.

7 **§ 2307. Disposition of Revenues.**

8 Notwithstanding any other law to the contrary, the moneys collected for  
9 licensing fees pursuant to this chapter shall be deposited into the Commonwealth  
10 Treasury in a separate account which shall be allocated to and available for  
11 appropriation as follows:

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

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

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

24 (1) \$25,000,000.00 shall be expended by the Secretary of  
25 Finance without appropriation in the following priority:

26 (i) To restore the 25% reduction of the retirees and the  
27 beneficiaries' pensions of the Third Senatorial District.

28 (ii) To pay interest to active members who terminated  
29 their membership in the defined-benefit plan under Public Law  
30 No. 17-82, as amended by Public Law No. 18-02. If the

## HOUSE BILL 18-195, HD1

1 monies are not sufficient to pay all outstanding interest, the  
2 Secretary of Finance shall establish a "Public Law No. 17-82  
3 Interest Account," and the monies distributed for interest under  
4 this subparagraph shall be deposited therein. The interest shall  
5 be paid proportionately from the account on a semi-annual  
6 basis until such time that all former defined-benefit members  
7 have been paid.

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

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

14 (1) \$10,000,000.00 shall be expended by the Secretary of  
15 Finance without appropriation to restore the 25% reduction of the  
16 retirees and the beneficiaries' pensions of the Third Senatorial District.

17 (2) \$1,000,000.00 shall be allocated to the Third Senatorial  
18 District to be appropriated by the Third Senatorial District Legislative  
19 Delegation.

20 (e) The Secretary of Finance shall establish and maintain a  
21 Commonwealth Casino Application Fee Special Fund to be kept separate and  
22 apart from the general funds of the Commonwealth government. The  
23 nonrefundable application fees shall be deposited in the Special Fund and  
24 expended by the Commonwealth Lottery Commission, without appropriation,  
25 for the investigation of license applicants pursuant to 1 CMC §2318 and any  
26 other costs associated with reviewing the applications and granting or denying  
27 applications for the exclusive license. The expenditure authority for the  
28 Commonwealth Lottery Commission shall be the Chairman of the  
29 Commonwealth Lottery Commission. Any funds remaining in the Special  
30 Fund shall be expended by the Commission, without appropriation for the

---

**HOUSE BILL 18-195, HD1**

---

1 operation, personnel, and all other expenses of the Commission for the first  
2 year the expenditure authority for the Commission shall be the Chairperson of  
3 the Commission. The Secretary of Finance shall maintain records and account  
4 for the expenditures made from the Special Fund.

**§ 2308. Disposition of Gross Revenue Tax.**

6 Notwithstanding 4 CMC §§ 1802 and 1804 or any other laws, gross revenue  
7 tax generated from a license holder under this chapter are Commonwealth funds and  
8 shall be appropriated for the following purposes:

9 (a) For the Levelized Energy Adjustment Clause (LEAC) Rate Subsidy  
10 Account. The Secretary of Finance shall establish a LEAC Rate Subsidy  
11 Account. A portion of the gross revenue tax generated from a casino licensed  
12 under this chapter shall be deposited in this account shall be used primarily to  
13 subsidize the LEAC Rate that would otherwise be passed on to utility  
14 customers;

15 (b) For the Commonwealth Healthcare Corporation;

16 (c) For the Medical Referral Program;

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

18 (e) Public School System.

**Article 2. Casino Controls.****§ 2311. Purpose of Article.**

21 This article provides for and controls casino gambling in the Commonwealth  
22 pursuant to this chapter.

**§ 2312. Definitions.**

24 As used in this chapter, the term:

25 (a) "Casino" means a place, area, structure, vessel, communication  
26 channel, or other thing, tangible or intangible, subject to licensing pursuant to  
27 this chapter for the conduct and playing of one or more games, or the  
28 acceptance of bets and wagers, including all associated activities of gaming  
29 and wagering, such as money counting, surveillance, accounting, and storage,  
30 related to such conduct and playing, provided, that such term shall not include

---

**HOUSE BILL 18-195, HD1**

---

1 areas of a resort complex or other facility exclusively devoted to other  
2 activities, such as a hotel, golf course, etc., in which no game is conducted or  
3 played and no wagering occurs;

4 (b) "Casino employees" mean any natural person employed in the  
5 operation of a licensed casino, including, without limitation, entertainers,  
6 boxers and boxing personnel; dealers or croupiers; floormen and floor  
7 personnel; machine mechanics; casino security employees; count room  
8 personnel; cage personnel; slot machine and slot booth personnel, collection  
9 personnel; casino surveillance personnel; supervisory and management  
10 personnel; and data processing personnel; or any other natural person whose  
11 employment duties require or authorize access to restricted casino areas,  
12 including without limitation, appropriate indoor and outdoor maintenance and  
13 service personnel; bartenders and bar personnel; waiters and waitresses; chefs,  
14 cooks and support staff; and secretaries and administrative personnel;

15 (c) "Casino gaming activities" means all games of chance and other  
16 games played in major casino establishments in the United States and other  
17 games approved by the Commission, and further includes the operation of a  
18 sports book approved by the Commission to accept bets and wagers on  
19 sporting and other events which rely on events which occur within and  
20 without the casino;

21 (d) "Casino gross gaming revenue" means the total sums actually  
22 received from casino gaming activities, including credit card payments  
23 received and checks received whether collected or not, less the total amount  
24 paid out as winnings, provided that any sum received in payment for credit  
25 extended by a casino or operator for purposes of casino gaming activities or  
26 for the issue of a chip or chips for casino gaming activities shall be included as  
27 a sum received from gaming, and provided further that no allowance shall be  
28 permitted for any credit card fee or discount;

29 (e) "Casino service provider" means a person subject to licensing  
30 pursuant to this chapter that offers goods or services directly related to casino

## HOUSE BILL 18-195, HD1

1 gaming activities, including such persons as gaming equipment manufacturers,  
2 importers, distributors, or repairers; schools that teach gaming, including  
3 playing, dealing, or other techniques; and casino security services;

4 (f) "Commission" means the Commonwealth Casino Commission  
5 established by this article;

6 (g) "Convention center" is a place, combining the requirements of a  
7 hotel described in subsection (j) of this section, for a formal assembly or  
8 meeting of members, representatives, or delegates of a group, such as a  
9 political party, fraternity, union, business, government or religious entity;

10 (h) "Game" means any activity that includes elements of prize,  
11 consideration, and chance, or any "game" that is approved by the Commission  
12 for the casino's purposes;

13 (i) "Gaming" means the playing of any game;

14 (j) "Hotel" means a building containing not fewer than 250 sleeping  
15 units (rooms), each held available and used regularly for the lodging of  
16 tourists and guests who are also provided entertainment, means, and other  
17 services;

18 (k) "Operator" means any person that actually provides the overall  
19 management of the operations of a casino, whether by ownership, lease,  
20 contract, agreement, or otherwise;

21 (l) "Person" includes a natural person, as well as a partnership,  
22 corporation, association, joint venture, or other business entity;

23 (m) "Resort" means a place, such as a hotel with no fewer than 500  
24 rooms and a meeting hall, convention center or other large event space  
25 capable of accommodating 1,000 attendees, that is frequented by people for  
26 relaxation or recreation;

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

HOUSE BILL 18-195, HD1

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

(o) "Settlement Agreement" means the Final Amended Stipulation and Agreement of Settlement entered into in *Johnson v. Inos*, Civil Case No. 09-23 (D.N.M.I.).

**§ 2313. Establishment of Regulatory Commission.**

(a) The Commonwealth Casino Commission is hereby established.

(b) Appointment of Commissioners and Term. The Commission shall consist of five commissioners.

(1) The Governor shall appoint from the Third Senatorial District three members to the Commission, subject to the advice and consent of the Saipan and Northern Islands Legislative Delegation.

(2) The Mayor of Rota shall appoint from the First Senatorial District one member to the Commission, subject to the advice and consent of the Rota Legislative Delegation.

(3) The Mayor of Tinian and Aguiguan shall appoint from the Second Senatorial District one member to the Commission, subject to the advice and consent of the Tinian and Aguiguan Legislative Delegation.

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

(5) The first members of the Commission shall be appointed as provided in this section before May 2, 2014. The terms of all the members first appointed shall begin from May 1, 2014, regardless of the actual date of appointment.

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

(c) Qualifications of Commissioners.

(1) Each member shall be a citizen or national of the United States and

---

**HOUSE BILL 18-195, HD1**

---

1 shall be a resident of and registered to vote in the Senatorial District from  
2 which they were appointed.

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

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

13 (4) No member shall serve in any other positions established by this  
14 chapter or shall be an employee or official of the Commonwealth, or of a  
15 municipality, agency, corporation, or other instrumentality or branch of the  
16 Commonwealth, or of any agency of local government of the Commonwealth,  
17 except that a member may serve without additional compensation on a task  
18 force or other temporary body the work of which is related to the work of the  
19 Commission.

20 (5) No individual may serve as a member of the Commission, if such  
21 individual, or a parent or child of such individual, holds or is an applicant for  
22 any license under this title or holds any direct or indirect financial interest in  
23 any person or entity that holds or is an applicant for any license under this  
24 title.

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

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



---

**HOUSE BILL 18-195, HD1**

---

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

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

6 (g) Compensation. Members of the Commission shall each be compensated at  
7 the rate of \$40,000.00 for the first year of the Commission's existence. After the first  
8 year of the Commission's existence, Commissioners shall be compensated at the  
9 hourly rate of \$20.00 for official Commission meetings attended. In addition, the  
10 Commissioners shall be reimbursed for their actual, necessary, and reasonable  
11 expenses incurred in the performance of their duties. All travel will be subject to  
12 1 CMC §7407.

13 (h) The members of the Commission shall elect their chairman, vice chairman,  
14 secretary and treasurer for terms of one year, beginning from the effective date of  
15 their term.

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

23 (j) The members of the Commission are not employees of the Commission or  
24 the Commonwealth government.

25 **§ 2314. Powers and Duties of the Commission.**

26 The Commission shall have all the powers and authority necessary to carry out  
27 the purposes of this chapter, including, without limitation, the responsibility:

28 (a) To conduct hearings pertaining to the violation of this chapter or  
29 regulations promulgated hereto; including hearings for the purpose of  
30 approving casino licenses and other business allowed under this chapter.

---

**HOUSE BILL 18-195, HD1**

---

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

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

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

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

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

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

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

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

**HOUSE BILL 18-195, HD1**

---

1 (8) To examine, supervise and monitor the activities and  
2 promotions of the junket promoters in relation to their compliance with  
3 legal, statutory, and contractual obligations, and other responsibilities  
4 stipulated in the applicable legislation and contracts.

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

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

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

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

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

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

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

24 (e) For the types of gaming and games to be covered by the casino license and  
25 their structure.

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

29 (g) The Commission shall not regulate betting or wagering associated with  
30 cockfighting.

## HOUSE BILL 18-195, HD1

1 (h) The Commission shall not have the authority to issue license to the sole  
2 casino operator. The power to issue such sole casino operator license lies with the  
3 Commonwealth Lottery Commission.

4 **§ 2315. Executive Director.**

5 (a) The Commission shall hire an Executive Director who will be responsible  
6 for the overall administration of the Commission and the supervision of the casino  
7 licensee and others pursuant to this chapter.

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

10 (1) A bachelor's degree from a United States accredited educational  
11 institution or equivalent; and

12 (2) Five years work experience in professional, administrative or  
13 management in government or private sectors; and

14 (3) Good ethical and moral character; and

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

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

21 (c) The Executive Director shall be the head of the administration of the  
22 Commission, and subject to the general oversight and direction of the Commission,  
23 shall organize the work of the Commission in a manner that will ensure its efficient  
24 and effective operation and, subject to the budgetary authority, the Executive Director  
25 may hire and terminate such staff necessary to carry out the purpose of the  
26 Commission. Such staff shall be exempt from the civil service. The Executive  
27 Director shall obtain such equipment, rent or build such additional office space, and  
28 generally make such regular office expenditure and acquisitions as necessary to  
29 establish and maintain a working office suitable for the Commission to effectively  
30 function pursuant to this chapter.

## HOUSE BILL 18-195, HD1

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

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

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

10 **§ 2316. Rules and Regulations.**

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

21 (b) In addition to rules and regulations provided for in other provisions of this  
22 chapter, the rules and regulations shall provide for the following:

23 (1) Means to exclude from the gaming areas of a casino individuals  
24 under 21 years of age, except such lawful employees of the casino or of a  
25 resort complex or other facility of which the casino forms a part as the  
26 Commission determines by regulation may be present in such areas and

27 (2) Provisions for the casinos to attempt to identify and refuse service  
28 to gambling addicts and problem gamblers as they may be defined by the  
29 Commission.

## HOUSE BILL 18-195, HD1

1           **§ 2317. License.**2           **(a) Casino License.**

## 3                   (1) Exclusive License.

## 4                           (i) Number of Authorized License.

5                           (A) The granting of the exclusive casino license is within the  
6                           discretion of the Commonwealth Lottery Commission. Only one  
7                           license may be issued under this chapter. The Commonwealth Lottery  
8                           Commission must act to deny or approve applications before  
9                           July 1, 2014 or when the requirements of 4 CMC § 2318 have been  
10                           completed. After approving an application for the exclusive license,  
11                           the Commonwealth Lottery Commission may negotiate the terms of  
12                           the exclusive license before it is issued. The license shall be subject to  
13                           such conditions as the Commonwealth Lottery Commission deems  
14                           necessary to assure compliance with this chapter, including timelines  
15                           for construction, commencing operations, and achieving the minimum  
16                           initial investment requirements. The issuance of the license by the  
17                           Commonwealth Lottery Commission shall not be subject to judicial  
18                           review.

19                           (B) In the event that a license is not issued as provided in this  
20                           chapter, the Commonwealth Lottery Commission shall establish new  
21                           application timelines and may provide for additional application  
22                           procedures and requirements that are consistent with this chapter.

23                           (ii) Term. Once the exclusive license is granted, it shall be for  
24                           a period of twenty-five consecutive years with an option to extend the  
25                           term for fifteen additional years.

26                           (iii) Criteria: Other criteria required for the issuance of a  
27                           license shall be provided for by the Commonwealth Lottery  
28                           Commission but shall include financial capacity to operate hotel or  
29                           resort and the casino that serves the best interest of the people of the  
30                           Commonwealth both short term and long term as intended under this

## HOUSE BILL 18-195, HD1

1 chapter.

2 (iv) Restrictions. The Commonwealth Lottery Commission  
3 shall approve the casino licensee's set number of games, such as slot  
4 machines or gaming tables, either in total or by category, which will be  
5 offered for play for an establishment to constitute a casino. The  
6 Commonwealth Lottery Commission shall determine whether a casino  
7 shall offer a sports pool, race book, system for pari-mutuel wagering,  
8 or similar system dependent on on-premise or off-premises events.  
9 Pursuant to this subsection, each casino licensee shall operate a  
10 conforming casino in good faith so as to prohibit a license from being  
11 held without a good faith casino operation. After the issuance of the  
12 license, the Commission may amend by regulation the requirements of  
13 4 CMC Section 2317 (a) (1) (iv) as it deems to be in the best interest of  
14 the Commonwealth.

15 (b) Casino Service Providers. The Commission shall, by regulation,  
16 determine which types of casino service providers shall require licensing under this  
17 chapter and shall, subject to 4 CMC § 2316, provide for such licensing.

18 (c) Individual Licenses.

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

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

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

30 (e) Inspection and Monitoring. The Commission shall provide by regulation,

## HOUSE BILL 18-195, HD1

1 as a condition of a casino license or casino service provider license, that the  
2 Commission or its authorized representatives may inspect and monitor, at any time  
3 and with or without notice, any part of the licensed casino, its gaming operations,  
4 equipment, records, and related activities and any similar area or activity of the  
5 licensed casino service provider, and that a law enforcement officer may enter any  
6 such area as requested by the Commission.

7 (f) Change of Licensee. No license may be sold, assigned, pledged,  
8 transferred, or otherwise alienated or encumbered without the express written  
9 permission of the Commission or as the Commission may by regulation provide.  
10 A change in the ownership or control of a licensee shall be considered a transfer of a  
11 license under this subsection, except where a change in ownership is as a result of  
12 change in stockholders of a publicly held corporation. The seller of the license must  
13 pay all taxes due as a result of capital gains as a result of the sale in license. No sale  
14 or lease of a casino (or of a larger establishment of which the casino is a part) or  
15 contract for its operation or management may be entered into, except as set forth in  
16 subsections (f) (1) and (f) (2) herein.

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

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

22 **§ 2318. Investigations.**

23 (a) Prior to the issuance of the license under this title, the Commonwealth  
24 Lottery Commission shall investigate the applicant and any related or associated  
25 person holding more than five percent or more shares of the share capital up to the  
26 ultimate shareholder or a publicly held corporation for such license, as the  
27 Commonwealth Lottery Commission determines to protect the public interest. If such  
28 person or a publicly held corporation holds a similar license from any other United  
29 States jurisdiction, the Commonwealth Lottery Commission shall limit such  
30 investigation in determining the validity of that license and inquiring of the issuer of



---

**HOUSE BILL 18-195, HD1**

---

1 such license regarding any negative information relating to such person or a publicly  
2 held corporation. The Commonwealth Lottery Commission may similarly limit the  
3 investigation of any such person or a publicly held corporation that holds such a  
4 license issued by a foreign jurisdiction upon the advice of the Federal Bureau of  
5 Investigation, the United States Department of the Treasury, or other applicable  
6 federal agency that the foreign issuer may be relied upon for such purpose.

7 (1) If the Commonwealth Casino Commission is established prior to or  
8 during the course of the Commonwealth Lottery Commission's investigation  
9 of the applicants, the Commonwealth Lottery Commission shall work in  
10 cooperation with the Commission to carry out its investigation.

11 (b) The Commonwealth Casino Commission shall, in connection with the  
12 potential sale, lease, transfer, change in ownership, or other change related to a  
13 license issued under this title, investigate any person involved in such transaction as  
14 necessary to protect the public interest in future activities under such license.

15 (c) The Commonwealth Lottery Commission shall not require that the  
16 applicant reimburse the Commonwealth Lottery Commission for its outside expenses  
17 incurred in the conduct of an investigation of an applicant. The Commonwealth  
18 Casino Commission may require that a licensee reimburse the Commonwealth Casino  
19 Commission for its outside expenses incurred in the conduct of an investigation of the  
20 licensee or transferee.

21 (d) The Commonwealth Casino Commission may at any time investigate the  
22 holder of any license under this title or any related person, with or without notice to  
23 such holder or person, when it determines that such investigation is warranted.

24 **§ 2319. Detention of Violators.**

25 The operator of a casino, any employee or agent of such operator, or any  
26 person inspecting or monitoring a gaming establishment on behalf of the  
27 Commission, may, upon reasonable suspicion, detain in a suitable place in such  
28 gaming establishment (or elsewhere in a resort complex or other facility of which the  
29 gaming establishment is a part) any person who, on the premises of such gaming  
30 establishment, is or may be violating this title or any regulation promulgated pursuant

---

**HOUSE BILL 18-195, HD1**

---

1 to this title, or who is or may be committing a related crime (such as a crime against  
2 property set out in Part 2 of 6 CMC, Division 1), using such force as is reasonably  
3 necessary for that purpose, until the arrival of a law enforcement office. The  
4 detaining person shall take such steps as are necessary to ensure that a law  
5 enforcement officer is summoned and arrives with as little delay as possible.

6 **§ 2320. Exclusion or Removal.**

7 A casino operator or any employee or agent of such operator may exclude or  
8 remove any undesirable person from a casino pursuant to regulations promulgated by  
9 the Commission and may use reasonable force to carry out such exclusion or removal.  
10 A casino may establish and enforce a dress code for its patrons, and any person who  
11 fails to comply with such code on the premises of such gaming establishment may, at  
12 the discretion of the casino operator, be deemed an undesirable person for purposes of  
13 this section. Any action taken under this section shall comply with any applicable  
14 federal or Commonwealth law that prohibits discrimination by private persons against  
15 individuals generally or against any protected class of individuals.

16 **§ 2321. Immunity for Detention, Exclusion, or Removal.**

17 No civil or criminal action shall lie against any person for action reasonably  
18 taken pursuant to 4 CMC § 2319 or § 2320.

19 **§ 2322. Entry by Law Enforcement Officers.**

20 A law enforcement officer may, without warrant, notice, or explanation, enter  
21 any area of a casino to which a patron of the casino or the public has access and, for  
22 such purpose, such area is a public place in which the officer may exercise any power  
23 or discharge any duty which may be exercised or discharged in a public place under  
24 this chapter or any other provision of law. A law enforcement officer may enter any  
25 other area of a casino or any area of a casino service provider with the consent of any  
26 person having control over such area, at the request of any person inspecting or  
27 monitoring such area on behalf of the Commission under 4 CMC § 2317 (e), or as  
28 otherwise authorized by law.

29 **§ 2323. Gambling by Commission and Licensees Prohibited.**

30 (a) No member, officer, employee, or agent of the Commission shall play any

## HOUSE BILL 18-195, HD1

1 game in or make any bet or wager:

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

3 (2) any other gaming establishment reasonably associated with any  
4 such gaming establishment; or

5 (3) any gaming establishment, the owner, lessee, operator, or manager  
6 of which is an applicant for a license from the Commission, or is a potential  
7 applicant that has entered into discussions with the Commission prior to such  
8 application and has not clearly abandoned its interest in a license, or is reason-  
9 ably associated with such an applicant or potential applicant.

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

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

17 **§ 2324. Administrative Penalties.**

18 The Commission may, by regulation, provide civil penalties for the violation  
19 of this chapter or of any regulation or order issued pursuant to this chapter. No  
20 penalty may exceed \$50,000, and a range of lesser penalties shall be provided for  
21 minor or intermediate violations. Such regulations may specify conditions under  
22 which a natural person who causes any other person to commit a violation (generally  
23 or for any specified type of transaction) shall also be liable for such violation. The  
24 Commission may suspend, reduce, or rescind any penalty imposed pursuant to this  
25 section and according to any and all due process protections.

26 **§ 2325. Nonprofit Gaming Permits.**

27 Notwithstanding the foregoing, the Secretary of Commerce's authority to  
28 grant special gaming permits for charitable organizations and 6 CMC § 3157 as  
29 applicable to nonprofit gaming permits shall not be in any way affected by any  
30 provision of this chapter.

---

**HOUSE BILL 18-195, HD1**

---

**§ 2326. Persons Ineligible for Employment.**

Members of the 18th CNMI legislature and their immediate family as defined in 1 CMC § 8503 (h), shall not be paid or receive any financial consideration nor shall they be retained as independent contractors or employed directly or indirectly by any casino licensed under this chapter in its current form or as amended, or by said casino's affiliates or agents, for a period of five years beginning from the date of the issuance of said casino's license.

**§ 2327. Retroactive Application.**

This chapter shall apply retroactively to March 21, 2014."

**Section 8. Retroactive Application.**

This Act shall apply retroactively to March 21, 2014, and shall specifically cover all actions carried out by and all obligations entered into by the Commonwealth Lottery Commission from such date."

**Section 9. Severability.** If any provisions 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.

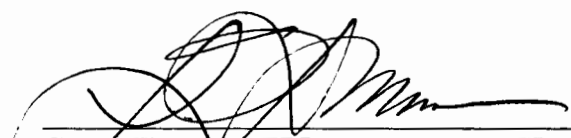
**Section 10. Savings Clause.** This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect 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.

**HOUSE BILL 18-195, HD1**

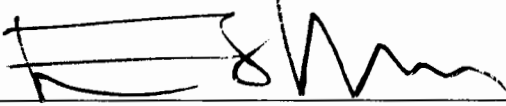
1  
2

**Section 11. 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  
18<sup>th</sup> Northern Marianas Commonwealth Legislature

~~APPROVED~~ this 11<sup>th</sup> day of July, 2014

  
**ELOY S. INOS**  
Governor  
Commonwealth of the Northern Mariana Islands