

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

# HOUSE OF REPRESENTATIVES

## COMMITTEE ON WAYS AND MEANS

P.O. BOX 500586 SAIPAN, MP 96950

RALPH N. YUMUL

CHAIRMAN

STANDING COMMITTEE REPORT NO. 23-85

DATE: October 15, 2024

RE: HOUSE BILL No. 23-116

The Honorable Edmund S. Villagomez  
Speaker of the House of Representatives  
Twenty-Third Northern Marianas  
Commonwealth Legislature  
Capitol Hill  
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Ways and Means to which was referred:

**House Bill No. 23-116:** "To earmark Two Hundred Thousand Dollars (\$200,000.00) of Electronic Gaming (E-Gaming) license fees towards the Department of Finance for enforcement purposes."

begs leave to report as follows:

### I. RECOMMENDATION:

After considerable discussion, your Committee recommends that H. B. NO. 23-116 be passed by the House in the form of House Draft 1.

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*10/15/2024*  
DATE TIME *1:20 PM*

## II. ANALYSIS:

### A. Purpose:

The purpose of this Act is to earmark Two Hundred Thousand Dollars (\$200,000.00) of Electronic Gaming (E-Gaming) license fees towards the Department of Finance for enforcement purposes.

### B. Committee Amendment:

The Committee agreed to insert language to include the Secretary of the Department of Finance's designee as the expenditure authority of such funds when designated. The amendments are reflected below:

- 1) Page 3, Line 4: after the word "Finance", insert:

"or his or her designee"

### C. Committee Findings:

Your Committee finds that the Tourism Entertainment and Destination Enhancement Act of 2013 (codified as CNMI Public Law 18-30, as amended) was enacted to provide additional gaming entertainment for tourists entering the Commonwealth. Due to economic challenges the Commonwealth was faced at that point in time, the Commonwealth was forced to explore additional avenues that could enhance tourism growth and maintain visitor interest. Despite being known for our beautiful tropical weather and pristine sandy beaches, the enactment of the CNMI Public Law 18-30 proved to play a pivotal role in the CNMI's economy as it allowed for a potentially lucrative industry within the Commonwealth, specifically the electronic gaming (E-Gaming) industry. Your Committee recognizes the positive economic benefits that it has yielded for the Commonwealth as a way of creating local jobs and providing night time activities for visiting guests. In order to ensure proper compliance with applicable Commonwealth law, the Department of Finance has been tasked to regulate such industry for the benefit of our Commonwealth as a whole.

Your Committee further finds that the duties and responsibilities of the Department of Finance shall include, but are not limited to, collect and deposit all locally raised revenues from any source, including taxes, custom duties, excise tax revenues, license fees and payment for services; establishing and maintaining the books of accounts of the Commonwealth; licensing businesses pursuant to 4 CMC §5611; and so forth. Furthermore, your Committee further finds that the Electronic Gaming Regulations (codified as NMIAC § 70-40.8) falls within the purview

of the Department of Finance to oversee. Cognizant of the extensiveness of such provisions, your Committee finds that the Department of Finance must be properly provided with the tools and resources to carry out such responsibilities. To address such concerns regarding resources, your Committee finds that it would be appropriate to amend 4 CMC §1503(a)(6) to earmark certain funds every fiscal year from the fees imposed by the aforementioned statute for enforcement purposes regarding e-gaming. With such funds, the Department of Finance can efficiently and effectively carry out the provisions of the Electronic Gaming Regulations. With proper compliance, the E-Gaming Industry will be allowed to economically benefit the Commonwealth for future years to come.

Furthermore, it is the intent of your Committee to amend the proposed legislation to insert language to include the Secretary of the Department of Finance's designee as the expenditure authority of such funds when duly designated. In conclusion, your Committee agrees with the intent and purpose of House Bill No. 23-116 and recommends that the House pass the legislation in the form of House Draft 1.

C. Public Comments/Public Hearing:

The Committee did not solicit public comments or conduct a public hearing.

D. Legislative History:

House Bill No. 23-116 was introduced by Representative John Paul P. Sablan on August 8, 2024 and was subsequently referred to the House Standing Committee on Ways and Means for disposition.

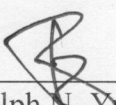
E. Cost-Benefit Analysis:

The enactment of House Bill 23-116, HD1 will not result in additional costs to the CNMI Government. Rather, the intent of the proposed legislation is to earmark certain funds to the Department of Finance for the purpose of enforcing the regulations of electroning gaming (E-Gaming). Thus, resulting in additional funds to the CNMI Government.

**III. CONCLUSION:**

The Committee is in accord with the intent and purpose of H. B. NO. 23-116 and recommends its passage in the form of House Draft 1.

Respectfully submitted,

  
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Rep. Ralph N. Yumul, Chairman

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Rep. Blas Jonathan "BJ" T. Attao, Vice Chair

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Rep. Roman C. Benavente, Member

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Rep. Angelo A. Camacho, Member

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Rep. Joel C. Camacho, Member

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Rep. Vicente C. Camacho, Member

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Rep. Manny Gregory T. Castro, Member

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Rep. Joseph A. Flores, Member

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Rep. Marissa R. Flores, Member

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Rep. Julie Marie A. Ogo, Member

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Rep. Malcolm J. Omar, Member

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Rep. Thomas John DLC. Manglona, Member

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Rep. John Paul P. Sablan, Member

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Rep. Patrick H. San Nicolas, Member

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Rep. Denita Kaipat Yangetmai, Member

Reviewed by:

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House Legal Counsel

**TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

**AUGUST 8, 2024**

**Fourth Regular Session, 2024**

**H. B. 23-116, HD1**

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**A BILL FOR AN ACT**

To earmark Two Hundred Thousand Dollars (\$200,000.00) of Electronic Gaming (E-Gaming) license fees towards the Department of Finance for enforcement purposes.

**BE IT ENACTED BY THE 23<sup>RD</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.** The Legislature finds that pursuant to 4  
2 CMC §1503(a)(6), the license fee for poker amusement machines, electronic  
3 gaming machines, or electronic table games lawfully defined and situated shall be  
4 two-thousand, five hundred dollars (\$2,500.00) per machine or fifteen percent  
5 (15%) of net gaming proceeds, whichever is greater. Furthermore, the Legislature  
6 also finds that it is the duty and responsibility of the Department of Finance to  
7 enforce the provisions related to electronic gaming. Cognizant of such duty and  
8 responsibility, the Legislature finds that it would be in the best interest of the  
9 electronic gaming (e-gaming) industry to earmark two hundred thousand dollars  
10 (\$200,000.00) to the Department of Finance to enhance their enforcement efforts.  
11 With the additional funds, the Department of Finance can effectively and efficiently

1 enforce appropriate laws for the betterment of the e-gaming industry and the entire  
2 Commonwealth as a whole.

3 Therefore, the purpose of this Act is to earmark Two Hundred Thousand  
4 Dollars (\$200,000.00) of Electronic Gaming (E-Gaming) license fees towards the  
5 Department of Finance for enforcement purposes.

6 **Section 2. Amendment.** 4 CMC §1503(a)(6) of the Commonwealth Code  
7 is hereby amended to read as follows:

8 “(6) Notwithstanding 4 CMC § 1503(a)(2) and (5) or any other law  
9 impos- ing a license fee, the license fee for poker amusement machines,  
10 electronic gaming machines, or electronic table games as defined in 6 CMC  
11 § 3154(a)(3) and (4) and situated at a hotel pursuant to 6 CMC § 3156(b),  
12 shall be two thousand five hundred dollars per machine or 15% of net  
13 gaming proceeds, whichever is greater. The license fee shall be issued on a  
14 calendar year basis, payable in advance in one installment. If the 15% net  
15 gaming proceeds im- posed under this section is greater than the license fee  
16 per machine and per server, the fee shall be paid on the 15th day following  
17 the close of each month. The term “net gaming proceeds” as used in this  
18 section, means the total amount of all credits or cash played, less the total  
19 amount of credits or cash won by the patron. Notwithstanding any law to  
20 the contrary, two hundred thousand dollars (\$200,000.00) of the fees  
21 collected pursuant to this section is hereby earmarked and continuously

1           appropriated each fiscal year without further legislative appropriation to the  
2           Department of Finance for enforcement purposes and shall not be  
3           reprogrammed for any other purpose. The expenditure authority shall be the  
4           Secretary of the Department of Finance or his or her designee.”

5           **Section 3. Severability.** If any provisions of this Act or the application of  
6 any such provision to any person or circumstance should be held invalid by a court  
7 of competent jurisdiction, the remainder of this Act or the application of its  
8 provisions to persons or circumstances other than those to which it is held invalid  
9 shall not be affected thereby.

10           **Section 4. Savings Clause.** This Act and any repealer contained herein  
11 shall not be construed as affecting any existing right acquired under contract or  
12 acquired under statutes repealed or under any rule, regulation, or order adopted  
13 under the statutes. Repealers contained in this Act shall not affect any proceeding  
14 instituted under or pursuant to prior law. The enactment of the Act shall not have  
15 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
16 which shall already be in existence on the date this Act becomes effective.

17           **Section 5. Effective Date.** This Act shall take effect upon its approval by  
18 the Governor, or it becoming law without such approval.

Prefiled: 8/7/2024

Date: \_\_\_\_\_

Introduced by: /s/ Rep. John Paul P. Sablan

Reviewed for Legal Sufficiency by:

/s/ Joseph L.G. Taijeron, Jr.

House Legal Counsel