



Saipan & Northern Islands Legislative Delegation
Twenty-Second Northern Marianas Commonwealth Legislature
Third Senatorial District
P.O. Box 500129
Saipan, MP 96950

Senator Vinnie F. Sablan, Chairman • Representative John Paul P. Sablan, Vice Chair • Representative Sheila J. Babauta, Floor Leader

STANDING COMMITTEE REPORT NO. 22-21
DATE: JUNE 24, 2022
RE: House Local Bill 22-28

Adopted 6/29/22
JPK

Senator Vinnie F. Sablan
Chairman
Saipan and Northern Islands Legislative Delegation
Twenty-Second Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Chairman:

Your Committee on Gaming, to which the following was referred:

H. L. B. No. 22-28:

“To amend SLL 22-6, Sec. 101(a) to restructure the local license fee imposed on all electronic gaming devices as defined in Title 6 section 3154(a) (4), located within the Third Senatorial District.”

begs leave to report as follows:

I. RECOMMENDATION:

After reasonable discussion and deliberation on the bill, the Committee recommends that the Delegation pass House Local Bill 22-28 in the form of Substitute I.

II. ANALYSIS:

A. Purpose:

The purpose of House Local Bill 22-28 is to amend Saipan Local Law 22-6, Sec. 101(a) to restructure the local license fee imposed on all electronic gaming devices as defined in Title 6 section 3154(a) (4), located within the Third Senatorial District.

B. Substitute:

The Committee worked with private businesses and reviewed the testimonies and data received from private and government entities and concerned citizens. The Committee also incorporated the CNMI Attorney General's recommended language as follows:

"In order to accomplish the intent and purpose of SLL22-6, establish parity between Commonwealth and local laws, and avoid ambiguity and inconsistencies with regard to applicability of local fees to amusement machines operated at electronic gaming facilities, we suggest that the Bill incorporate relevant language used in the Commonwealth law establishing electronic gaming machine license fees, 4 CMC § 1503(a)(6). Therefore, we recommend the following language for the first paragraph of Section 101(a):

There is hereby imposed, pursuant to 1 CMC § 1402(c)(4), an annual local license fee on all poker amusement machines, electronic gaming machines, or electronic table games as defined in 6 CMC § 3154(a)(3)-(4), and also on such machines and games situated in a hotel pursuant to 6 CMC § 3156(b), within the Third Senatorial District, equal to..."

In addition to non-substantive technical amendments, the Committee, through its collaborated efforts, made amendments to strengthen and further clarify the intent of House Local Bill No. 22-28 in the form of Substitute 1.

B. Committee Findings:

Your Committee finds that . To address the concerns of MP Holdings LLC and Marianas Entertainment LLC, the two remaining e-gaming operators on Saipan, House Floor Leader Ralph N. Yumul introduced House Local Bill 22-28 last year, proposing substantial changes to S.L.L. 22-6, which, according to the operators, will shut down their business because it doubles their license fee.

Your Committee further finds that Saipan Local Law 22-6 was signed by Gov. Ralph DLG Torres on Aug. 2, 2021, the local law imposes an additional fee of \$2,500 or 15% of net gaming proceeds, whichever is greater, on all electronic gaming devices on Saipan, including poker amusement machines located within e-gaming facilities or hotels. Days after the enactment of the measure, Marianas Entertainment LLC, which operates Club 88 in Garapan, and MP Holdings LLC, the operator of Saipan Vegas in Chalan Kiya, sued the CNMI government in Superior Court.

Your Committee finds that Judge Kenneth Govendo "strongly encouraged" that lawmakers and the e-gaming operators "discuss [the issue] and see if there was room for compromise before returning to the court."

Your Committee further finds that over the last six months, the committee has held a series of meetings with the e-gaming operators regarding proposed amendments and reached a compromise allowing for the collection of more revenues without overburdening the e-gaming businesses on island.

Your Committee finds that the substitute bill "is the product of private businesses and the government putting their heads together to solve a problem," according to MP Holdings LLC General Manager Bart Jackson who appeared Wednesday before the delegation gaming committee.

Mr. Jackson also indicated that the e-gaming operators had no objection to the recommendation of the Office of the Attorney General, and are "satisfied to move forward" with it.

Your Committee further finds that the agreed upon flat rate is the local license fee that would be imposed on each machine on top of the fees that the operators are paying by Commonwealth law. The substitute bill also includes a provision that reads, "Upon enactment, retroactive payment shall be assessed for license fees that would have accrued from the date of enactment of S.L.L. 22-6 to the date of enactment of this bill at the rate provided for in this legislation." In addition, the substitute version added language in the bill's findings stating that: "This Act is to amend Saipan Local Law 22-6. The Delegation finds that by structuring the license fee as a flat fee, the collection of more revenue without overburdening the e-gaming business is possible. The Delegation further finds that the amendment to Saipan Local Law 22-6 should be retroactive in its application to August 2, 2021, the date when Saipan Local Law 22-6 became effective, so that there will be a uniform application of the amounts due under Saipan Local Law 22-6 both before and after its amendment."

Your Committee agrees that the aforementioned substitute is necessary in clarifying and effectuating the proposed legislation's enactment. Therefore, your Committee agrees with the intent and purpose of House Local Bill No. 22-28 and recommends that the Delegation pass it in the form of Substitute 1.

C. Public Comment(s):

On February 23, 2022, comments were solicited from the following:

- Hon. David M. Apatang, Mayor, Municipality of Saipan
- Hon. Vicente C. Santos, Jr., Mayor of the Northern Islands
- Hon. Ana D. Castro, Chairperson, 16th Saipan & Northern Islands Municipal Council

Comments were received from the following:

- Hon. David M. Apatang, Mayor, Municipality of Saipan dated March 6, 2022
- Hon. Vicente C. Santos, Jr., Mayor of the Northern Islands dated March 8, 2022
- Mr. Bartley A. Jackson, General Manager, MP Holdings, LLC. dated May 27, 2022
- Hon. Edward Manibusan, Attorney General, dated June 14, 2022

Comments received have been attached as part of this committee report.

D. Legislative History:

House Local Bill No. 22-28 was formally introduced to the full body of the House on December 20, 2021 by Rep. Ralph N. Yumul. On February 23, 2022, House Local Bill No. 22-28 was transmitted to the Saipan & Northern Islands Legislative Delegation and subsequently referred to your SNILD Standing Committee on Gaming for disposition.

E. Cost Benefit:

The enactment of House Local Bill 22-28, S1 will not result in additional costs to the CNMI Government for the intent of the proposed legislation is to generate additional revenues that can be utilized to benefit the CNMI Government and the Third Senatorial District.

III. CONCLUSION:

Your Committee is in accord with the intent and purpose of H. L. B. No. 22-28, and recommends that the Delegation pass it in the form of Substitute 1.

Respectfully submitted,

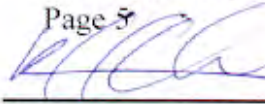


Rep. Edwin K. Propst, Chairman

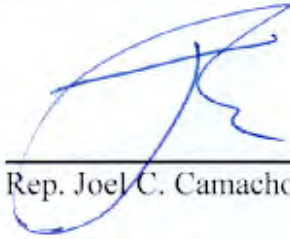
Rep. Christina M.E. Sablan, Vice Chair



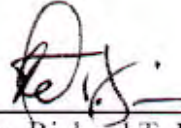
Rep. Celina R. Babauta, Member



Rep. Vicente C. Camacho, Member



Rep. Joel C. Camacho, Member

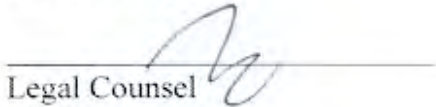


Rep. Richard T. Lizama, Member



Sen. Edith Deleon Guerrero, Member

Reviewed by:



Legal Counsel

Attachments:

- SNILD Mayor's Communication 22-34
- SNILD Mayor's Communication 22-36
- A letter dated May 27, 2022 from the General Manager of MP Holdings, LLC.
- OAGHOR: 2022-022, LSR No. 22-201 dated June 14, 2022

**TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2021

SECOND REGULAR SESSION, 2021

H. L. B. 22-28, S1

**A LOCAL BILL FOR AN ACT
FOR THE THIRD SENATORIAL DISTRICT**

To amend Saipan Local Law 22-6, Section 101(a) to restructure the local license fee imposed on all poker and electronic gaming devices as defined in Title 6 section 3154(a)(3)-(4) and 6 CMC § 3156(b), located within the Third Senatorial District.

BE IT ENACTED BY THE THIRD SENATORIAL DISTRICT

**DELEGATION PURSUANT TO CHAPTER 4, DIVISION 1, TITLE 1 OF
THE COMMONWEALTH CODE:**

1 SECTION 1. FINDINGS AND PURPOSE.

2 The purpose of this Act is to amend Saipan Local Law 22-6. The Delegation
3 finds that by structuring the license fee as a flat fee, the collection of more revenue
4 without overburdening the e-gaming business is possible.

5 The Delegation further finds that the amendment to Saipan Local Law 22-
6 6 should be retroactive in its application to August 02, 2021, the date when Saipan
7 Local Law 22-6 became effective, so that there will be a uniform application of the
8 amounts due under Saipan Local Law 22-6 both before and after its amendment.

9 SECTION 2. AMENDMENT.

1 Section 101(a) of Saipan Local Law 22-6 is hereby amended to read as
2 follows:

3 **"101. Local License fee(s) for gaming devices.**

4 (a) Local license fee(s) for electronic gaming devices. There is
5 hereby imposed, pursuant to 1 CMC § 1402(c)(4), an annual
6 local license fee on all poker amusement machines, electronic
7 gaming machines, or electronic table games as defined in 6
8 CMC § 3154(a)(3)–(4), and also on such machines and games
9 situated in a hotel pursuant to 6 CMC § 3156(b), within the
10 Third Senatorial District, equal to the ~~amount required by~~
11 ~~Commonwealth law and shall subsequently adjust to be equal to~~
12 ~~the amount assessed by Commonwealth law without further~~
13 ~~legislative action~~ \$2,000.00 per machine."

14 **SECTION 3. ASSESSMENT.**

15 Upon enactment, retroactive payment shall be assessed for license fees
16 that would have accrued from the date of enactment of SLL 22-6 to the date of
17 enactment of this bill at the rate provided for in this legislation.

18 **SECTION 4. SEVERABILITY.**

19 If any provision of this Act or the application of any such provision to any
20 person or circumstance should be held invalid by a court of competent jurisdiction,
21 the remainder of this Act or the application of its provisions to persons or

1 circumstances other than those to which it is held invalid shall not be affected
2 thereby.

3 **SECTION 5. SAVINGS CLAUSE.**

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

11 **SECTION 6. EFFECTIVE DATE.**

12 This Act shall take effect upon its approval by the Governor or its becoming
13 law without such approval.

Prefiled: 11/16/2021

Date: 11/16/2021

Introduced by: /s/ Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:

/s/ John B. Layde
House Legal Counsel

14



David M. Apatang
Mayor of Saipan

Mayor's Comm. 22-34
(SNILD)

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE MAYOR
MUNICIPALITY OF SAIPAN

CTC Building, 2799 Teer Drive Suite A, Olea
P.O. Box 501457 Saipan, MP 96950

Tel: (670) 234-6208 • Fax: (670) 234-1190 • Email: saipanmayor@mos.gov.mp



March 6, 2022

The Honorable Vinnie F. Sablan
Chairman
Saipan and Northern Islands Legislative Delegation
Twenty-second Northern Marianas Commonwealth
Legislature
Capitol Hill, Saipan MP 96950

Re: Comments on House Local Bill No. 22-28

THE OFFICE OF
SENATOR VINNIE F. SABLAN
DATE: 03/08/22 1PT
REC'D BY: Carla

Dear Mr. Chairman:

We received your letter of February 23, 2022 via email on same date. Thank you for giving us the opportunity to offer our comments on the above-numbered bill.

As expressly provided in the bill, it would amend Saipan Local Law No. 22-6, which was enacted on August 2, 2021, which immediately became a contentious law and the subject of a legal challenge. We are pleased to see how our local delegation has the capability to work together with the private sector that has evaluated how the law would impact its business operation. The bill is a compromise that takes into account the interest of the public and that of the business operation that ultimately would pay the fees enumerated in the bill. We are glad the local delegation and the affected private sector have chosen a route in resolving the issues that arose out of the enactment of Saipan Local Law No. 22-6, with the judiciary intervening, which we believe would have ended up using scarce public resources in what could potentially be a drag out legal battle in court.

The COVID-19 pandemic has caused myriad crisis in everyone's lives, governments, corporations, and others globally. For a small island whose economy depends on outside sources, we have seen how our lives could be turned upside down in just a matter of months. The suspension of inbound flights and travel restrictions keeping tourists at bay has had a very devastating effect on our capability to generate revenue to keep our private and public sectors operating. Without the financial rescue from the U.S. government, we would have seen many of our residents losing their jobs and businesses closing shop and leaving the island.

The compromise reached between the local delegation and the affected business that would be impacted the most by S.L.L. No. 22-6 is indicative of maturity and the pursuit of a single interest, i.e., to weather out the crisis brought upon by the pandemic together. When our lives

J. Lopez
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@ 4:30 pm

return to how it was before the pandemic broke out, that would be the time to rethink how each of us must carry our fair share of the burden to make our island a great place to live and visit.

The bill is reasonable and we should support its passage.

Before concluding, we want to encourage the delegation to consider working with the Legislature in removing the limitation on the renewal of poker licenses in Saipan, maybe until such time that the lone casino licensee has resumed its construction project and operation of the casino. Seeing that the pandemic may not ease up soon to the point where resumption of tourist arrivals will reach near pre-pandemic numbers, keeping the number of poker licenses to pre-casino levels may continue to generate revenues that our local Saipan Higher Education Financial Assistance needs to continue the financial aid program that our students pursuing their post-secondary education critically need.

Thank you for receiving our comments on House Local Bill No. 22-28.

Sincerely,



DAVID M. APATANG
Mayor, Municipality of Saipan



OFFICE OF THE MAYOR

Mayor's Comm.

22-34 (SNILD)

The Northern Islands

Commonwealth of the Northern Mariana Islands

Caller Box 10007 Capitol Hill Ascension Ct

Saipan, MP 96950

Telephone # (670) 664-6469/70/71

March 8, 2022

Senator Vinnie F. Sablan

Chairman

Saipan & Northern Islands Legislative Delegation

P.O. Box 500586

Saipan, MP 96950

Chairman Sablan;

Juan SANTOS
3/09/22

Warm greetings to you and your staff!

I am pleased to provide you and the members with the following comments regarding H.L.B. No. 22-28 "To amend Saipan Local Law 22-6, Section 101(a) to restructure the local license fee imposed on all electronic gaming devices as defined in Title 6 section 3154(a) (4), located within the Third Senatorial District." and S.L.B No. 22-11 "To waive the repayment requirements of the Saipan Higher Education Financial Assistance Memorandum of Agreement."

Comments on H.L.B 22-28: It is with great pleasure to support the intent and passage of this bill. This bill will help with the collection of revenues without overburdening the e-gaming businesses. With the set rates, businesses moving into higher or lower tiers have a set license fee for the machines. In addition, the Northern Islands Mayor's Office hopes and prays that with the collection of revenues under the SNILD, we can get allocations for boat charters and operational equipment's to help our needs.

S.L.B. No. 22-11 - Covid-19 Pandemic has affected our Commonwealth economy. With the passage of this bill, it will help the SHEFA recipients to alleviate the extra burden to waive the repayment of the SHEFA received signed through their Memorandum of Agreement.

Thank you for soliciting my input. It is my hope that we continue to work collaboratively and effectively as a government for the betterment and the best interest of our community.

Thank you and Si Yu'us Ma'ase!

Vicente C. Santos Jr.
Mayor, Northern Islands

RECEIVED
03/10/22
@ 1:14pm

THE OFFICE OF
SENATOR VINNIE F. SABLAN
DATE: 03/10/22 AM
REC'D BY: Carla

MP HOLDINGS, LLC

E-Gaming | Hotel | Business Management Services |
Restaurant | Snack Bar

MP HOLDINGS, LLC
PMB 409 Box 10001
Saipan, MP 96950
(670) 234-2017

May 27, 2022

BY HAND DELIVERY

Saipan and Northern Islands Local Delegation
Saipan, MP 96950

Re: Comments to H.L.B. 22-28

Dear Saipan Delegation Members:

The following are comments to H.L.B. 22-28, a proposed law that seeks to amend Saipan Local Law 22-6. Marianas Entertainment, LLC and MP Holdings, LLC (collectively the "Operators") submit these comments and want to begin by thanking the Saipan and Northern Islands Local Delegation ("SNILD") for the opportunity to comment. SNILD has been very receptive to the comments and concerns of the Operators throughout this process. The Operators very much appreciate all the time they were given to meet with SNILD and explain how the original law would affect them and how the proposed Amendment will very much help.

BACKGROUND

Electronic gaming was legalized in 2013. The Operators are the only two companies remaining involved in the operation of electronic gaming businesses on Saipan.¹ As with any business, the effect of taxes and license fees can be profound.

For the e-gaming industry, under CNMI law, the Operators pay a license fee for each E-gaming Machine in the amount of \$2,500 per machine or 15% of the gross revenue obtained through the use of the machine, whichever is higher. *See*, 4 CMC § 1503(a)(6). This is in addition to regular taxes and a per facility annual license fee of \$100,000.²

Opportunity to Comment

¹ The defunct Best Sunshine Casino also had electronic gaming machines, but the casino is not in operation and even if it were, it would exempt from Saipan Local Law 22-6.

² The facility licensing fee is the higher of \$100,000 or 1% of the gross revenue of the facility and is paid annually. There is an additional 1% of the gross imposed if the facility makes more than \$10,000,000 during the year. Dept. of Finance Regulation §70-40.8-220.

Over the last six months or so, the Operators have met with SNILD multiple times to discuss their businesses and the effect on them of Saipan Local Law 22-6. SNILD and the Operators met in a public forum. SNILD has been very welcoming and has clearly wanted to understand. The Operators very much appreciate this.

SNLID has also explained that the goal has been to raise funds for education and other purposes. The Operators are members of this community and fully support the intent of the law.

The Amendment to Saipan Local Law 22-6 will enable the Operators to continue their business. Fees will be increased, and this will benefit the community, but the increase in fees will be manageable for the Operators. Without the Amendment the Operators likely will close, and rather than raising more funds there will be a loss of revenue for Saipan. The Operators fully support the Amendment that will raise much of the revenue that Saipan needs but will not cost the Operators their businesses.

SPECIFIC COMMENTS

Section 101 (a)

In this section the first change is to strike out "and on poker amusement machines located on the same e-gaming premises, specifically, an enclosed area or resort premises as set forth in Title 6 section 3156(b)." The effect of this is to apply the new law to only e-gaming machines. Poker machines are licensed separately, and the new law will be focused on e-gaming. This amendment avoids conflicts with other laws and focuses the Act.

The second change in this section is to strike out "the amount required by Commonwealth law and shall subsequently adjust to be equal to the amount addressed by Commonwealth law without further legislative action." What this deletion does is to allow the new Act to stand alone. Without it, other laws are incorporated. This might be contrary to the desires of SNILD.

Section 101 (a) i – v

The Amendment then adds a unique and progressive structure for fees. In subsections i. through v. the license fees increase the more machines an enterprise has.

The progressive fee structure means that as the businesses grow, Saipan benefits with more and more fees. The success of the businesses becomes the success of Saipan in terms of collecting more revenue.

The final addition reads:

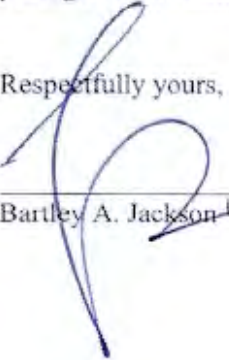
The rates set above are for all of the electronic gaming machines of the business. Businesses that grow and have more machines and move into a higher tier will pay a higher license fee for all of their machines at the higher tier rate. Should a business contract and move down a tier, the rates applicable to the machines of that business will also decrease to the rate set for the lower tier.

This progressive fee structure is forward thinking by SNILD. It recognizes there can be changes to the economy both good and bad. As the economy grows and the businesses expand, fees will go up. When the economy contracts, such as after a severe typhoon or another pandemic, fees go down in proportion to the reduction of machines of the businesses. This is a very fair fee structure.

CONCLUSION

The Amendment is a well thought out bill. It will save the e-gaming industry. It will bring in more revenue for Saipan. The Amendment is the product of private businesses and the government putting their heads together to solve a problem. The Operators fully support passage of the Amendment.

Respectfully yours,



A handwritten signature in blue ink, appearing to read 'Bartley A. Jackson', is written over a horizontal line. The signature is stylized and cursive.

Bartley A. Jackson



Commonwealth of the Northern Mariana Islands
Office of the Attorney General

2nd Floor Hon. Juan A. Sablan Memorial Bldg.
Caller Box 10007, Capitol Hill
Saipan, MP 96950

EDWARD MANIBUSAN
Attorney General

LILLIAN A. TENORIO
Deputy Attorney General

VIA EMAIL: rep.sablanc@cnmileg.net

June 14, 2022

OAGHOR: 2022-022
LSR No. 22-201

Hon. Christina Sablan
Vice-Chair, Gaming Committee
House of Representatives
22nd Northern Marianas Commonwealth Legislature
Saipan, MP 96950

Re: House Local Bill 22-28: "To amend Saipan Local Law 22-6, Section 101(a) to restructure the local license fee imposed on all electronic gaming devices as defined in Title 6 Section 3156(a)(4), located within the Third Senatorial District"

Dear Vice-Chair Sablan:

Thank you for the opportunity to review and comment on House Local Bill 22-28, which amends local license fees imposed on electronic gaming devices within the Third Senatorial District. I have read and reviewed the above-stated legislation and advise as follows:

HLB 22-28 – Comments/Recommendations:

The Bill would amend Saipan Local Law 22-6, Section 101(a) to restructure the local license fees imposed on all electronic gaming devices as defined in Title 6 Section 3156(a)(4), located within the Third Senatorial District.

An amendment to the first paragraph of Section 101(a) of Saipan Local Law 22-6 eliminates language pertaining to poker machines located at electronic gaming facilities as follows:

There is hereby imposed, pursuant to 1 CMC § 1402(c)(4), an annual local license fee on all electronic gaming machines or electronic table games as defined in Title 6 section 3154(a)(4) ~~and on poker amusement machines located on the same e-gaming premises, specifically, an enclosed area or resort premises as set forth in Title 6 section 3156(b)~~, within the Third Senatorial District, equal the following per machine amounts:

As proposed, the amendment could be interpreted in a manner that creates a loophole enabling electronic gaming site operators to avoid paying local license fees on poker amusement machines. This result would be

Civil Division
Telephone: (670) 237-7500
Facsimile: (670) 664-2349

Criminal Division
Telephone: (670) 237-7600
Facsimile: (670) 234-7016

Attorney General's Investigation Division
Telephone: (670) 237-7627
Facsimile: (670) 234-7016

Victim Witness Advocacy Unit
Telephone: (670) 237-7602
Facsimile: (670) 664-2349

inconsistent with intent and purpose of SLL 22-6, which was “to impose a local license fee on all electronic gaming devices within the Third Senatorial District including poker amusement machines that are located within e-gaming facilities or hotels.”

In order to accomplish the intent and purpose of SLL 22-6, establish parity between Commonwealth and local laws, and avoid ambiguity and inconsistencies with regard to applicability of local fees to amusement machines operated at electronic gaming facilities, we suggest that the Bill incorporate relevant language used in the Commonwealth law establishing electronic gaming machine license fees, 4 CMC §1503(a)(6). Therefore, we recommend the following language for the first paragraph of Section 101(a):

There is hereby imposed, pursuant to 1 CMC § 1402(c)(4), an annual local license fee on all poker amusement machines, electronic gaming machines, or electronic table games as defined in 6 CMC § 3154(a)(3) and (4) and situated at a hotel pursuant to 6 CMC § 3156(b), within the Third Senatorial District, equal to the following per machine amounts:

....

The amendment to Section 101(a) incorporates new Subsections, (i)-(v), to establish a tiered structure for local license fees depending on the number of machines licensed. For the purposes of clarity, we recommend the following revisions:

- i. For businesses electronic game site operators with up to 200 machines: \$1,500.00 per machine license.
- ii. For businesses electronic game site operators with ~~from~~ the 201 machines and up to 250 machines: \$1,750.00 per ~~each machine~~ license.
- iii. For businesses electronic game site operators with ~~from~~ 251 machines and up to 300 machines: \$2,000.00 per ~~each machine~~ license.
- iv. For businesses electronic game site operators with ~~from~~ 301 machines and up to 350 machines: \$2,250.00 per ~~each machine~~ license.
- v. For businesses electronic game site operators with ~~from~~ 351 machines or more: \$2,500.00 per ~~each machine~~ license.

Lastly, the newly created final paragraph of Section 101(a) provides the following general discussion regarding the tiered rate system:

The rates set above are for all of the electronic gaming machines of the business. Businesses that grow and have more machines and move into a higher tier will pay a higher license fee for all of their machines at the higher tier rate. Should a business contract and move down a tier, the rates applicable to the machines of that business will also decrease to the rate set for the lower tier.

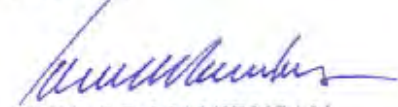
This provision does not appear to have any legal ramifications, but rather speaks to the intent of the Bill; therefore, SNILD may consider moving this language from the Amendment to the Findings and Purpose. In addition, for clarification purposes and to ensure electronic gaming site operators with shared stakeholders cannot manipulate the tiered fee system, we recommend replacing the final paragraph of the amendment to Section 101(a) with the following:

In determining annual local license fees when a person (or business entity) has a significant interest in more than one electronic gaming site operator, the number of machines of the electronic gaming site operators having shared interest holder(s) shall be counted in the aggregate. The term "significant interest" means any form of ownership, control, consulting contract, officer, director, agent interest, or lease arrangement.

Other than these proposed revisions, our office has no further comments or recommendations with regard to this legislation.

Please feel free to contact me should you require any further assistance in this regard.

Sincerely,



EDWARD MANIBUSAN
Attorney General

cc: Deputy Attorney General