

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

December 14, 2023

Sec. Regular Session, 2023

H. B. 23- 90

A BILL FOR AN ACT

To enable Internet Gaming (iGaming) in the Commonwealth of the Northern Mariana Islands; and for other purposes.

BE IT ENACTED BY THE 23RD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 **Section 1. Findings and Purpose.** The Legislature finds that based on
2 recent history, the Commonwealth has experienced and developed a complicated
3 relationship with the gaming industry. In order to accommodate such industry and
4 while acting in good faith, the Commonwealth has had to utilize its resources and
5 exert its efforts to make infrastructure and regulatory changes. Despite this, the
6 gaming industry did not come to fruition as expected and the Commonwealth has
7 suffered immeasurable financial economic losses. Despite such unfortunate
8 circumstances and cognizant of the global crises that our community has undergone
9 (Coronavirus Pandemic, Super Typhoons Soudelor and Yutu, etc.), the Legislature
10 finds that Internet Gaming (iGaming) would result in economic benefit to our
11 Commonwealth. Cognizant of the tangible losses that a land-based gaming

1 establishment possesses, an internet gaming (iGaming) establishment would
2 provide financial advantages.

3 The Legislature further finds that internet gaming establishments or
4 iGaming establishments, otherwise known as virtual gaming establishments or
5 online gaming establishments, are considered to be web-based internet versions of
6 traditional gaming establishments. Furthermore, the Legislature finds that iGaming
7 establishments provide greater advantages than traditional land-based gaming
8 establishments. Such benefits include playing at your convenience from the
9 comfort of your own device; greater privacy and security; utilizing multiple modes
10 of payment and depositing and withdrawing at ease; larger variety of games that
11 are not found in a land-based gaming establishments; offering a large bonuses that
12 help incentivize and improve gaming experiences; and the lack of foot traffic that
13 will improve the pace of play. The Legislature finds that our Commonwealth can
14 utilize such advantages and gain significant economic benefits from the global
15 iGaming market. With such exposure and stern regulatory powers, the
16 Commonwealth will be able to generate additional revenues without utilizing
17 government resources to accommodate such an industry. In today's day and age
18 where several business operations are converting to more technological and virtual
19 methods, the Legislature finds that the Commonwealth can utilize such cost-cutting
20 avenues to gain better financial stability for current and future generations. The

1 Commonwealth will become a pioneer in a young and growing industry and gain
2 significant global exposure.

3 Therefore, the purpose of this Act is to enable Internet Gaming (iGaming)
4 in the Commonwealth of the Northern Mariana Islands and for other purposes.

5 **Section 2. Amendment.** Title 6, Division 3, Chapter 1, Article 2
6 (Gambling), §3154 is hereby amended by adding a new subsection (a)(5) to read as
7 follows:

8 **“§ 3154. Definitions.**

9 For purposes of this article:

10 (a) “Gambling device” means:

11 (1) Any so-called “slot machine” or any other machine, electronic or
12 mechanical device which awards prizes to the operator based upon the
13 chance matching or alignment of symbols or insignia, and:

14 (A) Which, when operated, may deliver, as the result of the
15 application of an element of chance, anything of value as a prize;

16 or

17 (B) By the operation of which a person may become entitled to
18 receive, as the result of the application of an element of chance,
19 anything of value as a prize; or

20 (2) Any other machine or electrical or mechanical device (including,
21 but not limited to, roulette wheels and similar devices) designed and

1 manufactured primarily for use in connection with gambling, and:

2 (A) Which, when operated, may deliver, as the result of the
3 application of an element of chance, anything of value; or

4 (B) By the operation of which a person may become entitled to
5 receive, as the result of the application of an element of chance,
6 anything of value.

7 (3) Poker amusement machines requiring an element of skill are not
8 gambling devices.

9 (4) Electronic gaming machines or any electronic table game devices
10 used for the purpose of playing a game traditionally played at tables,
11 and includes any electronic device through which bets may be placed
12 on a game played at a table are not gambling devices; provided they are
13 licensed as required by 4 CMC 1503(a)(6). These electronic table
14 games include a computer or server and any related hardware, software
15 or other devices that are used to conduct gaming, either as a fully
16 automated version or as a semi-automated version where the collection
17 of bets and payout of winnings are automated. Electronic table games
18 includes poker, roulette, baccarat, blackjack, craps, big wheel, slot
19 machines, baccarat, pai gow and sic bo; and any variations or
20 composites of such.

21 All electronic table games must comply with the latest International

1 Technical Standards set by GLOBAL GAMING LABORATORIES
2 INTERNATIONAL LLC or SIQ GAMING LABORATORIES to
3 ensure that they are honest, secure, reliable and auditable.

4 (5) Electronic gaming websites, or other internet-accessible software
5 applications, through which bets may be placed are not gambling
6 devices; provided they are licensed as required by 4 CMC 1503(a)(7).
7 These electronic gaming websites, or other internet-accessible software
8 applications include a computer or server and any related hardware,
9 software or other devices that are used to conduct gaming over the
10 internet, either as a fully automated version or as a semi-automated
11 version where the collection of bets and payout of winnings are
12 automated. Electronic gaming websites include, but are not limited to,
13 the facility to gamble or wager on:

14 (A) games of chance or skill such as roulette, blackjack, craps,
15 slots,

16 (B) the outcome of or discrete elements of sports and esports
17 matches, tournaments or leagues,

18 (C) the outcome of special events such as reality television shows
19 or political elections or appointments.

20 (b) "Thing of value" means any money, coin, currency, check, chip,
21 allowance, token, credit, merchandise, property."

1 **Section 3. Enactment.** Subject to codification by the CNMI Law Revision
2 Commission, the following provision is hereby enacted to read as follows:

3 “§101. All electronic gaming websites and software applications must
4 comply with standards set by the Secretary of Finance to ensure that
5 they are honest, secure, reliable and auditable.”

6 **Section 4. Amendment.** Title 6, Division 3, Chapter 1, Article 2
7 (Gambling), §3156(a) is hereby amended by adding a new subsection 7 to read as
8 follows and the CNMI Law Revision Commission shall renumber the remaining
9 subsection accordingly:

10 **“§3156. Exemptions: General Exemptions.**

11 (a) This article does not apply to:

12 (1) Music machines, weighing machines, and machines which vend
13 cigarettes, candy, ice cream, food, confections, gum, or other
14 merchandise, in which there is deposited an exact consideration and
15 from which in every case the customer obtains that which he or she
16 purchases.

17 (2) The operation of poker amusement machines.

18 (3) The Commonwealth lottery.

19 (4) Bingo, bato, raffles, and cockfighting activities.

20 (5) The operation of pachinko slot machines.

21 (6) Electronic gaming machine, or electronic table games as defined in

1 6 CMC § 3154(a)(4).

2 (7) Electronic gaming websites, or other internet-accessible software
3 applications as defined in 6 CMC § 3154(a)(5).

4 ~~(7)~~(8) Any casino licensed pursuant to Commonwealth law or licensed
5 pursuant to the laws of a Senatorial District, and the employees and
6 patrons of such casino.

7 (b) In order to be exempt from this article, the gaming activities described
8 under subsections (a)(6) must be operated only within the Third Senatorial
9 District in an enclosed area or resort premises having 100 or more rooms or
10 with fewer than 100 rooms so long as the hotel is attached to a golf course.”

11 **Section 5. Amendment.** Title 4, Division 1, Chapter 4, Article 1, §1503 is
12 hereby amended by adding a new subsection (7) and amending subsection (e) to
13 read as follows:

14 **“§1503. Amusement Machines.**

15 (a) There is imposed the following annual license fees for the commercial
16 operation of amusement machines in the Commonwealth as follows:

17 (1) For amusement machines (other than poker, pachinko, or similar
18 amusement machines) whose major element is skill and whose only
19 reward or prize is limited to additional games or other use of the
20 machine (e.g. video games, pinball machines, pool tables, etc.), the
21 annual fee shall be one hundred-fifty dollars per machine.

1 (2) For amusement machines whose major element is chance which
2 provide a reward or prize of value, or for poker machines or similar
3 amusement machines, the annual fee shall be six-thousand dollars per
4 machine, slot machine, or other similar amusement machine. Those
5 machines situated in a casino licensed by the Tinian Casino Gaming
6 Control Commission (TCGCC) or similarly established a gaming
7 commission on the islands of Saipan and Rota shall be exempt from the
8 six-thousand dollar annual machine fee imposed by this section.

9 (3) For all jukeboxes, payment-activated phonographs, CD players or
10 other payment-activated music producing machines, the annual fee
11 shall be one hundred-fifty dollars per machine.

12 (4) For all payment-activated kiddie ride machines, designated for
13 children under the age of sixteen, the annual fee shall be twenty-five
14 dollars per machine.

15 (5) For pachinko slot machines or similar amusement machines, the
16 annual fee shall be six-thousand dollars per machine.

17 (6) Notwithstanding 4 CMC § 1503(a)(2) and (5) or any other law
18 imposing a license fee, the license fee for poker amusement machines,
19 electronic gaming machines, or electronic table games as defined in 6
20 CMC § 3154(a)(3) and (4) and situated at a hotel pursuant to 6 CMC §
21 3156(b), shall be two thousand five hundred dollars per machine or

1 15% of net gaming proceeds, whichever is greater. The license fee shall
2 be issued on a calendar year basis, payable in advance in one
3 installment. If the 15% net gaming proceeds imposed under this section
4 is greater than the license fee per machine and per server, the fee shall
5 be paid on the 15th day following the close of each month. The term
6 “net gaming proceeds” as used in this section, means the total amount
7 of all credits or cash played, less the total amount of credits or cash won
8 by the patron.

9 (7) The license fee for electronic gaming websites, or other internet-
10 accessible software applications as defined in 6 CMC § 3154(a)(5) shall
11 be twenty-five thousand dollars for the first website or application and
12 two thousand five hundred dollars for each additional website or
13 application operated by the same licensee, issued on a calendar year
14 basis, payable in advance in one installment. Those websites or internet
15 connected applications licensed by the Tinian Casino Gaming Control
16 Commission (TCGCC) or similarly established gaming commission or
17 other regulatory entity on the islands of Saipan and Rota shall be
18 exempt from the annual fees imposed by this section.

19 (b) The fees imposed by this section shall be the liability of the licensed
20 owner-operator or lessee of the amusement machine, or any person

1 operating or managing any business at which such amusement machine is
2 offered for patronage.

3 (c) All license fees shall be paid in full prior to the issuance of a license and
4 shall be nonrefundable. Upon payment of the required fee, each license shall
5 be valid for a period of one year from the date of issuance. Notwithstanding
6 any law to the contrary, two-hundred-thousand dollars of the fees collected
7 is hereby earmarked and continuously appropriated each fiscal year without
8 further legislative appropriation to the Department of Finance for
9 enforcement purposes and shall not be reprogrammed for any other purpose.
10 The expenditure authority shall be the Secretary of the Department of
11 Finance.

12 (d) Every poker machine owner and operator as a condition of any license
13 issued shall maintain and operate poker machines in a separate room. No
14 minor shall be permitted to enter this room and no alcoholic beverages or
15 other intoxicants shall be allowed in this room. A licensed owner-operator
16 who knowingly violates this subsection or who knowingly allows this
17 subsection to be violated shall be guilty of a misdemeanor punishable by up
18 to a five-hundred dollar fine and up to thirty days imprisonment. The
19 Secretary may revoke any or all licenses for all poker machines owned,
20 operated, or controlled by a person convicted under this subsection.

21 (e) Each Senatorial district may, pursuant to 1 CMC § 1402(c)(5), establish

1 additional license fees for poker machines licensed under subsection (a)(2)
2 of this section ~~and~~, pachinko slot machines licensed under subsection (a)(5)
3 of this section, and electronic gaming websites, or other internet-accessible
4 software applications licensed under subsection (a)(7) of this section. Any
5 additional fees shall be available for local appropriation under Chapter 4 of
6 Division 1 of Title 4 of the Commonwealth Code.

7 (f) The Public School System (PSS) shall receive twenty percent of the
8 revenues collected from the winnings tax under 4 CMC § 1505, which shall
9 be reserved for funding the PSS technical education program and for the
10 procurement of student desks and classroom supplies as provided in 4 CMC
11 § 1505. Revenues reserved under 4 CMC § 1505(a) shall be transferred
12 quarterly to the Technical Education Program Fund.

13 (g) Poker machines licensed prior to April 26, 2006, shall continue to
14 operate under and comply with the provisions of Public Law 13-33 for the
15 duration of the license year, after which this section shall govern the
16 issuance of licenses and the payment of license fees for those machines.

17 (h)The Secretary of Finance shall be responsible for the enforcement of this
18 section.”

19 **Section 6. Severability.** If any provisions of this Act or the application of
20 any such provision to any person or circumstance should be held invalid by a court
21 of competent jurisdiction, the remainder of this Act or the application of its

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

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

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

Intro
Prefiled: 12/14/2023

Date: 12/13/23

Introduced by: _____


Rep. Ralph N. Yumul

Reviewed for introduction purposes only by:

Joseph S. Day 12/13/23
House Legal Counsel