

_____, SESSION, 1994

A BILL FOR AN ACT

To authorize the poker machine operators to deduct the backup withholding tax on poker machine gambling winning: To impose criminal penalties; and for other purposes.

BE IT ENACTED BY THE NINTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 Section 1. Title. This Act shall be known as the "Backup Withholding Tax
2 Authorization Deduction Act of 1994."

3 (a) The poker machine operators are not deducting and remitting the back withholding tax on
4 poker machine gambling winnings.

5 (b) Only residents of the Commonwealth of the Northern Mariana Islands subjected to pay
6 the backup withholding tax on poker machine gambling winnings because the poker machine
7 operators reported the winners' winnings to the Division of Revenue and Taxation, Department
8 of Finance.

9 (c) Many tourists and non-CNMI residents have won over \$1,000.00 in Royal Flush, and
10 departed the CNMI without paying the 20% backup withholding tax.

11 (d) Several thousand dollars of backup withholding tax have been lost as a result of the lack of
12 enabling act to authorize the poker machine operators to deduct, report and remit to the government the
13 sum deducted from these poker machine gambling winnings.

14 (e) If the poker machine operators are required to report the backup withholding tax then they
15 shall be required to deduct and remit to the government the sum deducted from these poker machine
16 gambling winnings.

17 (f) Deducting the 20% backup withholding tax at the same of winning not only guarantee
18 payment but lessen the unnecessary and pleasant problem of paying an additional sum, if any, upon
19 filing of the individual tax return.

1 Section 3. Definitions. As used in this Act:

2 (a) "Poker Machine Operators" means persons, businesses , etc., that pays the winners'
3 winnings over \$1,000.00 for a Royal Flush in a poker machine gambling.

4 (b) "Backup Withholding Tax" means the 20% deduction that shall be withheld for poker
5 machine gambling winnings. Winnings from bingo, keno,
6 slot machines, batu and cockfight are not included in this definitions.

7 Section 4. Authorization to Deduct Backup Withholding Tax. The Poker Machine Operators are
8 hereby authorized to deduct the 20% backup withholding tax from any and all Poker Machine gambling
9 winning for each and every Royal Flush that exceed \$1,000.00. The poker machine operators shall
10 prepare and issue Form W-2G (Statement for the Recipients of Certain Gambling Winnings) showing the
11 amount won and the amount withheld.

12 Section 5. Filing and Remitting the Backup Withholding Tax. The Poker Machine Operators
13 shall file and remit to the government any and all backup withholding tax withheld together with Form W-
14 2G (Statement for Recipients of certain gambling winnings) twice a month not later than the fifteenth and
15 thirtieth day of each and every month.

16 Section 6. Criminal Penalty. There are civil and criminal penalties for providing false
17 information to avoid backup withholding tax. The civil penalty shall not be less than \$600.00. The
18 criminal penalty upon conviction, is a fine of up to \$1,000.00, or imprisonment of up to one year, or both.
19 If the poker machine operators violates any provision of this Act,, and upon conviction, shall be guilty of
20 misdemeanor and shall be fined not less than \$2,000.00, or imprisonment of not less than 2 years, or both.

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

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

7 Section 9. Effective Date. This Act shall take effect upon its approval by the Governor or upon
8 its becoming law without such approval.

Date: _____

Introduced By: _____
Rep. Vicente T. Attao

Rep. Heinz S. Hofschneider

Rep. Mametto U. Maratita

Rep. Stanley T. Torres

Rep. Ramon C. Dela Cruz

Rep. Jesus T. Attao

Rep. Alvaro A. Santos

Rep. Oscar M. Babauta

Rep. Vianney B. Hocog

Reviewed for Legal Sufficiency:
