

**Twenty-First Northern Marianas Commonwealth Legislature**

**IN THE HOUSE OF REPRESENTATIVES**

\_\_\_\_\_ SESSION, 2019

**H. L. B. 21-23**

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

To impose a 10% gambling revenue tax in 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           Every business has an obligation to pay its fair share of taxes. Businesses  
3           require basic infrastructure. Businesses can also impose environmental, economic,  
4           and social impacts on the community, and the taxes these businesses pay provide  
5           the resources to help mitigate those impacts. The gaming industry is no exception.  
6           The extensive development of the gaming industry and the associated pressures to  
7           build more tourism-related facilities are placing significant demands on the Third  
8           Senatorial District's infrastructure, environment, and society. The tax provided for  
9           herein will serve to mitigate these costs to the people of the Third Senatorial  
10          District, and provide a means to improve and expand infrastructure and services for  
11          the entire community, including businesses.

12          A gambling revenue tax is required virtually everywhere else in the world  
13          where gaming is permitted. A gambling revenue tax is also required in other

1 senatorial districts of the Marianas. Tinian has a 12% gambling revenue tax. Rota  
2 has a 10% gambling revenue tax. A 10% gambling revenue tax in the Third  
3 Senatorial District is both fair and reasonable.

4 Title 1 of the Commonwealth Code section 1402(c) provides that a “local  
5 revenue bill” means a bill that, if enacted, becomes a law generating revenue  
6 within one senatorial district. Such a bill, pursuant to section 1402 (c), may  
7 include but is not limited to: “(4) Gambling amusement machine and gambling  
8 revenue taxes, so long as the taxes are in addition to any taxes required by  
9 Commonwealth law.” The Saipan and Northern Islands Legislative Delegation is  
10 legally capable of enacting a local revenue bill that adds to the taxes already  
11 payable by gaming institutions.

12 Pursuant to 1 CMC § 1402(c)(4), this Act would impose an annual  
13 gambling revenue tax of ten percent (10%) on the net gaming revenue of any  
14 person engaged in the business of gambling in the Third Senatorial District.  
15 Exceptions are provided for gaming and fundraising activities conducted by  
16 nonprofit tax-exempt organizations. In fairness to organizations paying  
17 substantial license fees for the privilege of engaging in gaming activity, a  
18 nonrefundable tax credit is provided in the amount of gaming license fees paid to  
19 the Commonwealth and the Third Senatorial District.

20 The proceeds from the gambling revenue tax will be available for  
21 appropriation by the Third Senatorial District Legislative Delegation for the

1 benefit of the entire community – providing a means to mitigate negative impacts,  
2 as well as enhance public services and infrastructure.

3 **SECTION 2. ENACTMENT.** The following is hereby enacted:

4 **“§101. Definitions.**

5 (a) "Gaming" means engaging in the business of gambling as defined  
6 in 6 CMC §3155.

7 (b)"Net gaming revenue" means the total of all sums actually received  
8 and given as credit from the conduct of gaming, less the total of all  
9 sums paid out as winnings in respect to gaming.

10 (c) other terms shall have the same meaning as set forth in 4 CMC  
11 §1102 & §1103."

12 **§102. Gambling Revenue Tax.**

13 (a) Gambling Revenue Tax. There is hereby imposed an annual  
14 gambling revenue tax of ten percent (10%) of the net gaming  
15 revenue of any person engaged in the business of gambling in the  
16 Third Senatorial District.

17 (b) Nonrefundable Credit. A person may take a nonrefundable credit  
18 against the tax imposed by §102(a) in the amount of annual license  
19 fees paid to the Commonwealth and the Third Senatorial District  
20 for the privilege of engaging in gaming.

21 (c) Exemptions. The following activities and persons are exempt from  
22 the tax imposed by §102(a):

- 1 (1) bingo and bato pursuant to a valid license or permit.
- 2 (2) fundraising activities of an organization exempt from taxation
- 3 under 4 CMC Chapter 7 or comparable federal law.
- 4 (3) an organization exempt from taxation under 4 CMC Chapter 7 or
- 5 comparable federal law, that is licensed and permitted to engage in
- 6 gaming activity in the Commonwealth.
- 7 (4) the Commonwealth Lottery Commission and its contractors.

8 **§103. Separate Account.**

- 9 (a) The tax imposed by §102 shall be paid monthly to the Secretary of
- 10 Finance.
- 11 (b) The Secretary of Finance shall deposit the proceeds from the tax
- 12 imposed by §102 into a Third Senatorial District local account
- 13 pursuant to 1 CMC §1408 for appropriation by the Third Senatorial
- 14 District Legislative Delegation.”

15 **SECTION 3. SEVERABILITY.**

16 If any provision of this Act or the application of any such provision to any  
17 person or circumstance should be held invalid by a court of competent  
18 jurisdiction, the remainder of this Act or the application of its provisions to  
19 persons or circumstances other than those to which it is held invalid shall not be  
20 affected thereby.

21 **SECTION 4. SAVINGS CLAUSE.**

22 This Act and any repealer contained herein shall not be construed as

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

7 **SECTION 5. EFFECTIVE DATE.**

8 This Act shall take effect upon its approval by the Governor, or its  
9 becoming law without such approval.

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Prefiled: 6/7/19

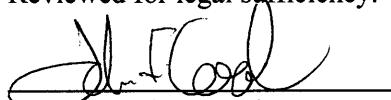
Date: 6/7/19

Introduced By:



Rep. Christina Sablan

Reviewed for legal sufficiency:

  
House Legal Counsel