

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

_____ **REGULAR SESSION, 2021**

H. L. B. 22- 26

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

To authorize, establish, and regulate casino gambling
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. TITLE.

2 This Act shall be known as the “Saipan and Northern Islands Casino Act of
3 2021.”

4 SECTION 2. FINDINGS AND PURPOSE.

5 The Saipan and Northern Islands Delegation (hereinafter, “SNILD”) finds
6 that on July 8, 2014, the 18th CNMI House of Representatives passed HB 18-195
7 HD1 and transmitted the bill to then-Senate President Ralph DLG Torres. On July
8 10, 2014, the Senate passed the bill on first and final reading and the next day, the
9 late Honorable Eloy S. Inos signed what is now Public Law 18-56 into law. Seven
10 years later, the casino industry that was established to provide revenue to help our
11 CNMI retirees and their pensions is struggling. For the sake of the retirees, SNILD
12 must take action to ensure a more reliable and diversified funding source.

1 Commonwealth Public Law 18-56 provided first and foremost that “casino
2 gaming and wagering is authorized in a casino licensed pursuant to the laws of a
3 Senatorial District.” The Saipan Northern Islands Legislative Delegation hereby
4 finds that with respect to the exclusive commonwealth casino operator established
5 by PL 18-56, uncertainty and doubt abound. Despite paying an exclusive fee of 15
6 million dollars per year, the casino claims that it was never given the benefit of the
7 exclusive bargain. Despite numerous legal actions brought against the casino in
8 local and federal courts, it also now seeks to decrease the funding of the
9 Commonwealth Casino Commission, the only entity devoted to ensuring its
10 compliance with the law.

11 For years, the First and Second Senatorial Districts have had their own
12 casinos licensed pursuant to the local laws that were enacted for the benefit of their
13 respective senatorial districts. Public Law 18-56 clearly and simply reiterates the
14 fact that a casino *licensed pursuant to the laws of the Third Senatorial District* is
15 both constitutionally and statutorily legitimate. This local legislation finally
16 establishes a local casino industry within the Third Senatorial District of Saipan and
17 the Northern Islands.

18 The SNILD finds that in the settlement agreement that was reached in the
19 case of *Betty Johnson et al. v. Eloy S. Inos et al.*, the Commonwealth was
20 responsible to pay for 75 percent of government retirees’ benefits. PL 18-56
21 addressed the 25 percent shortfall by using the guaranteed \$15 million casino
22 exclusive license fee. This arrangement worked until PL 20-10 replaced this source
23 for the pension benefits for government retirees in all of the senatorial districts with

1 the Casino Gross Revenue Tax (CGRT) which relied upon actual incoming revenue.
2 The SNILD further finds that the funds from the Casino Gross Revenue Tax are
3 inconsistent and now, with the COVID-19 pandemic, this revenue is clearly
4 insufficient to cover the 25 percent portion of pension benefits for all the
5 Commonwealth's government retirees.

6 Public Law 20-10, which allotted \$2,000,000 of the casino license fee to
7 each of the First and Second Senatorial Districts and \$11,000,000 to the Third
8 Senatorial District, cannot be repealed by a local delegation. However, SNILD
9 through this legislation, can and will enact legislation in the Third Senatorial
10 District to create a legal and local source of gaming revenue to ensure that the
11 source of funding for the 25 percent portion of the retirees' pensions is secure and
12 reliable.

13 The SNILD finds that the present situation, where the exclusive casino licensee
14 has not been able to pay taxes and most relevantly, cannot reliably pay the \$15 million
15 guaranteed license fee, demonstrates that it was imprudent for the Commonwealth to rely
16 on just one industry and just one company. Tying the fate of the retirees' pension to one
17 single industry was risky—it was even more dangerous to tie the funding for the retirees'
18 pension to an exclusive licensee.

19 To better provide for the retirees and obtain the goal of increased stability and
20 dependability, the SNILD finds that we must move away from the current single licensee
21 framework that is totally dependent on one business entity. The purpose of this Act is to
22 mandate that the casinos operating in the Third Senatorial District will provide license
23 fees to pay the 25 percent portion of pension benefits to all the retirees in the Third

1 Senatorial District and lessen reliance on the funds generated from the Casino Gross
2 Revenue Tax.

3 Consistent with the original intent of PL 18-46, to accomplish our goal of making
4 the funding source for retiree pensions more reliable, SNILD will not repeat past
5 mistakes by offering an exclusive local license. The local legislation set forth herein
6 shall provide for up to five independently viable entities. By increasing the number of
7 locally licensed casinos, there will be more economic support for the industry as the
8 casinos can compete but still work together, sharing costs and expenses for promoting the
9 industry and bringing in tourists for the benefit of not just the Third Senatorial District,
10 but also the entire CNMI.

11 By increasing the number of licenses from 1 to 5 while simultaneously requiring
12 annual fees of not 15 million but 3 million, there will be less risk for all concerned.
13 Assuming five local casinos pay a reasonable sum of 5 million dollars each, this will
14 result in 25 million dollars—which is 10 million dollars more than what is being
15 presently required by PL 18-56.

16 Significantly, the SNILD notes that the present exclusive casino license holder
17 has strongly indicated that it cannot or will not be paying its \$15 million fee in full, its
18 annual \$3 million regulatory fee to the CCC, nor does it intend to pay its community
19 benefit obligation. Based on these recent indications as well as the record of financial
20 difficulties that is evident to the SNILD, we believe that the time has come to establish a
21 local industry that will be set up and designed for success as opposed to failure.

22 In light of the foregoing, the Saipan and Northern Islands Legislative
23 Delegation finds that a well-regulated Saipan-Northern Islands casino industry will

1 increase tourism to Saipan and the Commonwealth, will stimulate the local
2 economy, and provide critically needed government revenues. As a result, our
3 retirees will have a more reliable and consistent funding source for their pensions.

4 The SNILD further expressly finds that this Act is legally consistent with
5 Article XXI of the CNMI Constitution, which provides that “[g]ambling is
6 prohibited in the Northern Mariana Islands except *as provided by Commonwealth*
7 *law* or established through initiative in the Commonwealth or in any senatorial
8 district.” Public Law 18-56 is a duly enacted Commonwealth law. Significantly,
9 this Commonwealth law provided an exception to the prohibition of gambling for
10 casinos licensed by any Senatorial District. Furthermore, Title 1 of the
11 Commonwealth Code, section 1402(a)(8) allows a local delegation to enact a local
12 law that provides for “Gambling prohibition and regulation, so long as such
13 regulations are in addition to Commonwealth regulations.” The SNILD hereby finds
14 that this Act, regulating casino gambling exclusively within the Third Senatorial
15 District, is within the parameters of “gambling prohibition and regulation.”

16 Accordingly, the legal authority for this legislation is undisputable. Article
17 XXI of the Constitution provides that gambling is permitted where Commonwealth
18 law establishes it. PL 18-56, now codified in Title 4, Division 2 Tourism, Chapter 3
19 Gaming, Article 1 Gaming Provisions, Section 2301 et seq. is the Commonwealth
20 law, duly passed by the 18th CNMI Legislature, that expressly grants each of the
21 three municipalities, including Saipan and the Northern Islands, the local authority
22 to establish their own municipal casino industry. And now SNILD, acting pursuant

1 to Title 1 Section 1402 of the Commonwealth Code, hereby enacts the instant local
2 legislation to regulate gambling in our senatorial district.

3 **SECTION 3. ENACTMENT.**

4 The following is hereby enacted:

5 “Section 101. Applicability. This title applies to the entire Third
6 Senatorial District to include the island of Saipan and the Northern Islands.

7 Section 102. Central Government Taxation.

8 (a) No provision of this Act shall be construed to exempt any
9 casino, or any employee or patron of any casino, from any
10 Commonwealth tax, fees or license.

11 Section 103. Violation.

12 (a) Any person who knowingly and willfully operates a
13 casino in the Third Senatorial District other than a casino licensed
14 under this Act or Commonwealth law shall, upon conviction, be
15 subject to a fine not less than \$25,000.00 but not to exceed
16 \$100,000.00, or be imprisoned for not more than three years, or both.

17 (b) Any person who knowingly and willfully violates any
18 provision of this Act other than Section 103(a) or any regulation
19 issued by a casino commission shall, upon conviction, be subject to a
20 fine not to exceed \$10,000, or be imprisoned for not more than one
21 year, or both.

22 (c) Any person who knowingly and willfully causes any other
23 person to commit a violation subject to criminal penalty under

1 subsection (a) or (b) of this section shall, upon conviction, be subject
2 to the penalty prescribed by that subsection.

3 (d) Any penalty imposed under this section shall be in
4 addition to any civil penalty or other sanction imposed by or
5 pursuant to this Act.

6 Section 104. Administrative Procedure. Any action taken by the
7 casino commission, including the promulgation of any rule or regulation and
8 the imposition of any civil penalty, shall be subject to the Administrative
9 Procedure Act (1 CMC § 9101 et. seq.).

10 Section 105. Exclusion from Gambling Prohibition. A licensed
11 casino operating in the Third Senatorial District and its patrons are exempt
12 from the prohibition of gambling set forth in Article XXI of the N.M.I.
13 Constitution and 6 CMC § 3155, pursuant to 4 CMC § 2301 and 6 CMC §
14 3156(a)(7).

15 Section 106. Disposition of Revenue.

16 (a) All taxes, fees, fines, penalties, and other revenue
17 generated pursuant to this Act shall be deemed to be local revenues
18 of the Third Senatorial District and shall be deposited into the
19 Commonwealth Treasury in a separate Third Senatorial District
20 Local Account which shall be available for appropriation by the
21 Saipan and Northern Islands Legislative Delegation.

22 (b) The Commission shall submit to the Saipan and Northern
23 Islands Legislative Delegation an annual report in writing listing all

1 expenditures of funds under this Act no later than 60 days prior to
2 the end of each fiscal year.

3 Section 107. Start-up Appropriations. The Saipan and Northern
4 Islands Legislative Delegation may appropriate start-up funds to the casino
5 commission established under this Act.

6 *Title II – Saipan-Northern Islands Casino Controls*

7 Section 201. Purpose of Title. This title provides for and controls
8 casino gambling in the Third Senatorial District of the Commonwealth.

9 Section 202. Definitions. As used in this title, the term--

10 (a) ‘casino’ means a place, area, structure, vessel,
11 communication channel, or other thing, tangible or intangible,
12 subject to licensing pursuant to this Act for the conduct and
13 playing of one or more games, including associated activities,
14 such as money counting, surveillance, accounting, and
15 storage, related to such conduct and playing, provided, that
16 such term shall not include areas of a resort complex or other
17 facility exclusively devoted to other activities, such as a hotel,
18 golf course, etc., in which no game is conducted or played;

19 (b) ‘casino employees’ mean any natural person employed in
20 the operation of a licensed casino, including, without
21 limitation, entertainers, boxers and boxing personnel; dealers
22 or croupiers; floormen and floor personnel; machine
23 mechanics; casino security employees; count room personnel;

1 cage personnel; slot machine and slot booth personnel,
2 collection personnel; casino surveillance personnel;
3 supervisory and managerial personnel; and data processing
4 personnel; or any other natural person whose employment
5 duties require or authorize access to restricted casino areas,
6 including without limitation, appropriate indoor and outdoor
7 maintenance and service personnel; bartenders and bar
8 personnel; waiters and waitresses; chefs, cooks and support
9 staff; and secretaries and administrative personnel;

10 (c) 'casino gaming activities' means all games of chance and
11 other games played in major casino establishments in the
12 United States and other games approved by the Commission;

13 (d) 'casino gross gaming revenue' means the total sums
14 actually received from gaming, including credit card
15 payments received and checks received whether collected or
16 not, less the total amount paid out as winnings, provided that
17 any sum received in payment for credit extended by a casino
18 or operator for purposes of gaming or for the issue of a chip
19 or chips for gaming shall be included as a sum received from
20 gaming, and provided further that no allowance shall be
21 permitted for any credit card fee or discount;

1 (e) 'casino gaming tax' means the tax imposed by the Saipan
2 and Northern Islands Legislative Delegation on casino gross
3 gaming revenue;

4 (f) 'casino service provider' means a person subject to
5 licensing pursuant to this Act that offers goods or services
6 directly related to gaming, including such persons as gaming
7 equipment manufacturers, importers, distributors, or repairers;
8 schools that teach gaming, including playing, dealing, or
9 other techniques; and casino security services;

10 (g) 'Commission' means the Saipan-Northern Islands Casino
11 Commission established by this Act;

12 (h) 'convention center' is a place, combining the
13 requirements of a hotel described in subsection (k) of this
14 section, for a formal assembly or meeting of members,
15 representatives, or delegates of a group, such as a political
16 party, fraternity, union, business, government or religious
17 entity;

18 (i) 'game' means any activity that includes elements of prize,
19 consideration, and chance, or any 'game' that is approved by
20 the Commission for a casino's purposes;

21 (j) 'gaming' means the playing of any game;

22 (k) 'hotel' means a building containing not fewer than 250
23 sleeping units (rooms), each held available and used regularly

1 for the lodging of tourists and guests who are also provided
2 entertainment, meals, and other services;

3 (l) 'operator' means any person that actually provides the
4 overall management of the operations of a casino, whether by
5 ownership, lease, contract, agreement, or otherwise; and

6 (m) 'person' includes a natural person, partnership,
7 corporation, association, joint venture, or other legal entity.

8 (n) 'resort' means a place, such as a hotel described in
9 subsection (k) of this section, that is frequented by people for
10 relaxation or recreation.

11 Section 203. Establishment of Commission.

12 (a) The Saipan-Northern Islands Casino Commission is
13 hereby established within the Office of the Mayor of Saipan. The
14 Mayor of Saipan, in consultation with the Mayor of the Northern
15 Islands, shall within thirty (30) days after the effective date of this
16 Act appoint five members to the Commission. Each member shall
17 serve a term of four years, except that of the members first appointed,
18 two shall serve a term of two years, and three shall serve a term of
19 four years, which shall be determined by lottery at the first meeting
20 of the Commission. Each member shall be a citizen or national of
21 the United States and shall be a resident of and eligible to vote in the
22 Third Senatorial District. The terms of all the members first
23 appointed shall begin from the first day of the first month beginning

1 at least 15 days after the effective date of this title, regardless of the
2 actual date of appointment. Any vacancy shall be filled in the same
3 manner as the original appointment and for the balance of the
4 unexpired term. No member shall serve more than two consecutive
5 terms. A member removed from the Commission shall not be re-
6 appointed to the Commission.

7 (b) A Commission member must be an adult, and have an
8 ethical and good moral character, and have at least five (5) years
9 work experience in business or government management, financial
10 management and/or a bachelor's degree in any field of study from an
11 accredited post secondary educational institution. No person may be
12 appointed who has been convicted of a crime in any jurisdiction of
13 the United States, the Commonwealth or any foreign country
14 carrying a maximum sentence or imprisonment of more than six
15 months or any crime or offense involving moral turpitude unless a
16 full pardon has been granted.

17 (c) No member of the Commission shall otherwise be an
18 employee or official of the Commonwealth, or of a municipality,
19 agency, corporation, or other instrumentality or branch of the
20 Commonwealth, or of any agency of local government of the
21 Commonwealth, except that a member may serve without additional
22 compensation on a task force or other temporary body the work of
23 which is related to the work of the Commission. No individual may

1 serve as a member of the Commission, if such individual, or a parent
2 or child of such individual, holds or is an applicant for any license
3 under this title or holds any direct or indirect financial interest in any
4 person that holds or is an applicant for any license under this title.

5 (d) The Mayor may, for cause, suspend or remove a
6 Commission member, subject to appeal to the Superior Court, which
7 may stay such removal or suspension pending such appeal.

8 (e) Membership on the Commission shall automatically
9 be forfeit upon conviction of a felony, or upon conviction of any
10 crime or offense involving moral turpitude.

11 (f) The Commission shall not be considered an agency of
12 local government for purposes of Article VI, Section 8, of the
13 Constitution, as it constitutes a subdivision of the Office of the
14 Mayor Saipan.

15 (g) Members of the Commission shall each be compensated
16 at the rate of \$50,000 per year, and shall be reimbursed for their
17 actual, necessary, and reasonable expenses incurred in the
18 performance of their duties. All travel will be subject to 1 CMC §
19 7407.

20 (h) The members of the Commission shall elect their chair,
21 vice chair, secretary and treasurer for terms of one year, beginning
22 from the effective date of their confirmation. The succession of each
23 officer shall follow in the same order presented herein.

1 (i) Members of the Commission are not employees of the
2 Commonwealth Government, the Third Senatorial District or the
3 Commission.

4 (j) Appointments to the Commission shall comply with 1
5 CMC § 2901 except where this Act specifically provides otherwise.
6 In the event that this Act is inconsistent with 1 CMC § 2901, this Act
7 shall govern. All appointments to the Commission shall be subject
8 to the advice and consent of the SNILD.

9 Section 204. Powers and Duties of the Commission. The
10 Commission shall have all powers and authority necessary to carry out the
11 purposes of this Act, including, without limitation, the responsibility:

12 (a) To issue and impose license and other fees, and issue and enforce
13 administrative orders issued under this Act. The jurisdiction of the
14 Commission to enforce gambling laws enacted by the SNILD for the
15 Third Senatorial District shall be concurrent with the jurisdiction of
16 the Commonwealth Casino Commission to “enforce the casino,
17 gambling and gaming laws of the Commonwealth” within the Third
18 Senatorial District pursuant to 4 CMC § 2336.

19 (b) To conduct hearings pertaining to the violation of this Act or
20 regulation promulgated herein; including hearings for the purpose of
21 approving Casino license and other business allowed under this Act.

22 (c) To promulgate such rules and regulations, as may be necessary to
23 fulfill the policies and purposes of this Act. The Commission may

1 use such rules and regulations to interpret, enlarge upon, define, or
2 refine any provision of this Act. The rules and regulations shall, at a
3 minimum, provide for the following:

4 (1) A code of ethics for the members of the Commission and
5 its officers and employees.

6 (2) Supervision, monitoring and investigation or other means
7 to ensure the suitability and compliance with the legal,
8 statutory and contractual obligations of owners, operators,
9 and employees of casinos and other persons licensed under
10 this Act.

11 (3) To examine, supervise and monitor the continuing fiscal
12 and financial capability of casino owners, operators,
13 concessionaires and other parties and to protect the public in
14 the event that such capability is significantly diminished.

15 (4) To collaborate in the definition, co-ordination and
16 execution of the economic policies for the operations of the
17 casino games of fortune and other ways of gaming, pari-
18 mutuels and gaming activities offered to the public.

19 (5) To authorize and certify all the equipments and utensils
20 used by the operations of the concessionaires approved in the
21 respective concessions.

22 (6) To issue licenses for "junket" promoters of casino games
23 of fortune or other gaming activities.

1 (7) To examine, supervise and monitor the eligibility of the
2 single or collective junket promoter(s), their partners and
3 principal employees.

4 (8) To examine, supervise and monitor the activities and
5 promotions of the junket promoters in relation to their
6 compliance with legal, statutory, and contractual obligations,
7 and other responsibilities stipulated in the applicable
8 legislations and contracts.

9 (9) To investigate and penalize any administrative infractions
10 practiced according to the appropriate substantial and
11 procedural legislations.

12 (10) To ensure that the relationship of the licensed gaming
13 operators with the government and the public is in
14 compliance with the Commission's regulations and provides
15 the best return to Saipan and the Northern Islands.

16 (11) The exclusion and removal of undesirable persons from
17 casinos.

18 (12) Civil penalties for the violation of provisions or
19 regulations imposed under this Act.

20 (d) To levy fines and penalties for the violation of provisions of this
21 Act and the regulations promulgated by the Commission.

22 (e) To require and demand access to and inspect, examine,
23 photocopy, and audit all papers, books and records of casino operators on

1 their premises or elsewhere as practical, including inspecting the gross
2 income produced by the casino operators, gaming business and verification
3 of their income, and all other matters affecting the enforcement of the
4 Commission's policy or as required pursuant to this Act.

5 Section 205. Executive Director.

6 (a) The Commission shall hire an Executive Director who
7 will be responsible for the overall administration of the
8 Commission and the supervision of the Casino Licensees and
9 others pursuant to this Act.

10 (b) Qualification of the Executive Director. The Executive
11 Director shall possess the following minimum qualification:

12 (1) Bachelor's Degree in Business Administration or related
13 field from a United States accredited educational institution
14 or equivalent; and

15 (2) Five years' work experience in professional,
16 administrative or management in government or private
17 sectors; and

18 (3) Good ethical and moral character; and

19 (4) The Commission shall not hire any person for the
20 Executive Director's position who has been convicted of a
21 crime in any jurisdiction of the United States, or any foreign
22 country carrying a maximum sentence or imprisonment of
23 more than six (6) months.

1 (5) The Executive Director shall not have interest, directly or
2 indirectly, in any business under the jurisdiction of the
3 Commission.

4 (c) The Executive Director shall be the head of the
5 administration of the Commission, and subject to the general
6 oversight and direction of the Commission, shall organize the work
7 of the Commission in a manner that will ensure its efficient and
8 effective operation and, subject to the budget authority, the
9 Executive Director may hire and terminate such staff necessary to
10 carry out the purpose of the Commission. Such staff shall be exempt
11 from the civil service. The Executive Director shall obtain such
12 equipment, rent or build such additional office space, and generally
13 make such regular office expenditure and acquisitions as necessary
14 to establish and maintain a working office suitable for the
15 Commission to effectively function pursuant to this Act.

16 (d) The Executive Director shall have such other duties as
17 may be assigned or delegated by the Commission.

18 (e) The Executive Director serves at the pleasure of the
19 Commission.

20 (f) The Executive Director's annual salary shall be
21 established by the Commission but in no event shall it exceed
22 \$75,000 per year. The Executive Director shall be
23 reimbursed for actual, necessary, and reasonable expenses

1 incurred in the performance of his or her duties not to exceed
2 \$25,000.00 in reimbursements. All travel will be subject to 1
3 CMC § 7407.

4 (g) The Executive Director and such employees as may be
5 designated by the Executive Director shall be law
6 enforcement officers for the limited purpose of enforcing this
7 Act only.

8 Section 206. Rules and Regulations.

9 (a) The Commission shall promulgate rules and regulations
10 to carry out the purposes of this title, including but not limited to,
11 gaming promotional activities and licensing carried out by
12 independent third parties (agents), granting of gaming credit, illegal
13 gambling, anti money laundering, compliance and internal controls,
14 and control of the financial suitability of gaming operators. The
15 Commission may, in addition to any other purpose, use such rules
16 and regulations to interpret, enlarge upon, define, further define, or
17 refine any provision of this title. Such rules and regulations shall
18 take into consideration the need for companies generally to be able
19 to participate in the gaming industry in the Commonwealth without
20 jeopardizing their ability to maintain or receive gaming licenses from
21 other United States or foreign jurisdictions.

1 (b) Subject to the other provisions of this title, the rules and
2 regulations shall provide for, in addition to the rules and regulations
3 set forth in Section 204(c) of this Act, the following:

4 (1) Means to exclude from the gaming areas of a
5 casino individuals under 21 years of age, except such lawful
6 employees of the casino or of a resort complex or other
7 facility of which the casino forms a part as the Commission
8 determines by regulation may be present in such areas.

9 Section 207. Licenses.

10 (a) Casino Licenses.

11 (1) (A) The Commission shall, by regulation, set forth
12 licensing criteria for the ownership, operation, and
13 location of casinos in the Third Senatorial District,
14 provided that such licensing criteria shall not be
15 designed to give any casino a competitive advantage
16 over any other casino. An applicant who meets such
17 criteria (including any requirement relating to the
18 suitability of such applicant for a casino license) and
19 who pays the required fee shall be issued a license
20 subject to part (B) of this subsection.

21 (B) There shall be five (5) casino licenses
22 available to be issued under this Act. The
23 Commission has the authority to issue or provide for

1 an additional number of licenses to be issued subject
2 to the approval of the Saipan and Northern Islands
3 Legislative Delegation by a duly enacted local law.

4 (C) There shall be only one (1) casino
5 operating at one location per license. One person or
6 entity shall not directly or indirectly own or operate
7 more than one license.

8 (2) The Commission shall require that a casino be
9 licensed only in connection with a hotel or resort of
10 250 rooms or more, or a convention center as defined
11 herein.

12 (3) The Commission may license casinos for
13 operation within the Third Senatorial District.

14 (4) The Commission shall approve the casino
15 licensee's set number of games, such as slot machines
16 or gaming tables, either in total or by category, that
17 will be offered for play for an establishment to
18 constitute a casino, except that any establishment that
19 offers a sports pool, race book, system for pari-mutuel
20 wagering, or similar system dependent on off-
21 premises events, shall constitute a casino regardless
22 of the number of other games offered or the actual
23 location where the game is played or wagers are

1 placed. Pursuant to this subsection, each casino
2 licensee shall operate a conforming casino in good
3 faith so as to prohibit a license from being held
4 without a good faith casino operation. Failure to
5 operate a casino on a timely basis shall be grounds for
6 revocation or suspension of the casino license.

7 (5) Notwithstanding any other provision of this Act,
8 no casino license shall be issued except in connection
9 with:

10 (A). a new investment in the Third Senatorial
11 District of not less than One Hundred Million U.S.
12 Dollars (\$100,000,000.00) for the casino
13 establishment inclusive of the hotel, resort, or
14 convention center, or;

15 (B) an existing hotel, resort, or convention
16 center establishment of two hundred fifty rooms or
17 more.

18 (b) Casino Service Providers. The Commission shall, by
19 regulation, determine which types of casino service
20 providers shall require licensing under this title and
21 shall be subject to Section 106 of this Act.

22 (c) Individual Licenses.

1 (1) The Commission may, consistent with and in
2 addition to other applicable Commonwealth laws and
3 regulations, license or otherwise regulate the
4 employment of individuals by or in casinos.

5 (2) The Commission may provide for the licensing of
6 such types of employees of casino service providers
7 as the Commission determines should be licensed,
8 and of other types of individuals (other than patrons)
9 who the Commission determines should be licensed
10 because of their association with or presence in a
11 casino.

12 (d) Term of Casino License.

13 (1) Once granted, a casino license shall remain in
14 force for thirty (30) years subject to renewal unless it
15 is revoked or surrendered under conditions specified
16 in regulations promulgated pursuant to this title. All
17 revocations and suspensions shall be subject to
18 judicial review pursuant to the Administrative
19 Procedures Act.

20 (e) Inspection and Monitoring. The Commission shall
21 provide by regulation, as a condition of a casino
22 license or casino service provider license, that the
23 Commission or its authorized representatives may

1 inspect and monitor, at any time and with or without
2 notice, any part of a licensed casino, its gaming
3 operations, equipment, records, and related activities
4 and any similar area or activity of a licensed casino
5 service provider, and that a law enforcement officer
6 may enter any such area as provided in Section 213 of
7 this title.

8 (f) Change of Licensee. No license may be sold, assigned,
9 pledged, transferred, or otherwise alienated or
10 encumbered without the express written permission of
11 the Commission. A change in the ownership or
12 control of a licensee shall be considered a transfer of
13 a license under this subsection. No sale or lease of a
14 casino (or of a larger establishment of which the
15 casino is a part) or contract for its operation or
16 management may be entered into, except as set forth
17 as follows:

18 (1) Before a license is granted, if such sale, lease or
19 contract was considered by the Commission in its
20 decision whether to grant the license; or

21 (2) After a license is granted and after any necessary
22 investigation, with the express written permission of

1 the Commission, which shall not be withheld
2 unreasonably.

3 Section 208. Fees and Taxes.

4 (a) Casino License Fees.

5 (1) The Commission shall impose a Two Hundred
6 Thousand Dollar (\$200,000.00) casino license
7 application fee for all casino developments and such
8 fee shall not be refundable.

9 (2) The Commission shall impose an annual license
10 fee of \$3,000,000.00 in connection with casino
11 licenses issued under this title for any license that is
12 applied for and approved on or before September 30,
13 2022. The first such fee shall be paid upon approval
14 of the license application, and the license shall be
15 issued as of the date such fee is paid.

16 (3) The annual license fee shall be adjusted every five
17 years based on the cumulative change in the
18 Consumer Price Index developed by the
19 Commonwealth Department of Commerce for Saipan
20 for the previous five years, provided that the license
21 fee shall not be reduced below \$3,000,000.

22 (4) The Commission shall not permit multiple
23 applications from the same applicant or (as defined or

1 determined by the Commission) a related group of
2 applicants for the obtainment of more than one
3 license.

4 (b) Other License Fees. The Commission may establish
5 annual fees for licenses issued to Casino Service Providers
6 and Individuals under subsection (b) or (c) of Section 207 of
7 this title.

8 Section 209. Casino Gaming Tax. Upon approval of this Act, the
9 Commission shall impose a local casino gaming tax of ten (10%) percent of
10 the local casino gross gaming revenue. Further local casino gaming tax
11 increases or decreases shall be established by the Saipan and Northern
12 Islands Legislative Delegation through the enactment of local law.

13 Section 210. Development and Construction Timetable. For new
14 investors, the casino licensee shall secure a performance bond covering the
15 total amount of the design and construction of the casino and all necessary
16 infrastructure. The licensee shall have up to twenty-four (24) months to
17 complete its planned development and construction and be ready for
18 business operation; in the event that the casino licensee requires additional
19 time, the Commission can provide an extension for good cause only subject
20 to a daily penalty for lack of compliance. Failure to substantially complete
21 the planned development and construction and become operational within
22 24 months of the granting of a license shall be grounds for revocation or

1 suspension of the casino license or for the imposition of a daily penalty of
2 not less than \$10,000 per day subject to the Commission's determination.

3 Section 211. Investigations.

4 (a) Prior to issuing any license under this title, the
5 Commission shall investigate the applicant and any related or
6 associated person holding more than five (5%) percent or
7 more shares of the share capital up to the ultimate
8 shareholder for such license, as the Commission determines,
9 either by regulation or in an individual case, to protect the
10 public interest. If such person holds a similar license from
11 any other United States jurisdiction, the Commission shall
12 limit such investigation in determining the validity of that
13 license and inquiring of the issuer of such license regarding
14 any negative information relating to such person. The
15 Commission may similarly limit the investigation of any such
16 person that holds such a license issued by a foreign
17 jurisdiction upon the advice of the Federal Bureau of
18 Investigation, the United States Department of the Treasury,
19 or other applicable federal agency that the foreign issuer may
20 be relied upon for such purpose.

21 (b) The Commission shall, in connection with the potential
22 sale, lease, transfer, change in ownership, or other change related to
23 a license issued under this title, investigate any person involved in

1 such transaction as necessary to protect the public interest in future
2 activities under such license.

3 (c) The Commission shall not require that the applicant or
4 licensee reimburse the Commission for its outside expenses incurred
5 in the conduct of an investigation.

6 (d) The Commission may at any time investigate the holder
7 of any license under this title or any related person, with or without
8 notice to such holder or person, when it determines that such
9 investigation is warranted, but the expenses of such an investigation
10 shall not be subject to reimbursement.

11 Section 212. Detention of Violators. The operator of a casino, any
12 employee or agent of such operator, or any person inspecting or monitoring
13 a gaming establishment on behalf of the Commission, may, upon reasonable
14 suspicion, reasonably detain in a suitable place in such gaming
15 establishment (or elsewhere in a resort complex or other facility of which
16 the gaming establishment is a part) any person who, on the premises of such
17 gaming establishment, is or may be violating this title or any regulation
18 promulgated pursuant to this title, or who is or may be committing a related
19 crime (such as a crime against property set out in Part 2 of 6 CMC, Division
20 1), using such force as is reasonably necessary for that purpose, until the
21 arrival of a law enforcement officer. The detaining person shall take such
22 steps as are necessary to ensure that a law enforcement officer is summoned
23 and arrives with as little delay as possible.

1 Section 213. Exclusion or Removal. A casino operator or any
2 employee or agent of such operator may exclude or remove any undesirable
3 person from a casino pursuant to regulations promulgated by this Act and
4 may use reasonable force to carry out such exclusion or removal. A casino
5 may establish and enforce a dress code for its patrons, and any person who
6 fails to comply with such code on the premises of such gaming
7 establishment may, at the discretion of the casino operator, be deemed an
8 undesirable person for purposes of this section. Any action taken under this
9 section shall comply with any applicable federal or Commonwealth law that
10 prohibits discrimination by private persons against individuals generally or
11 against any protected class of individuals.

12 Section 214. Immunity for Detention, Exclusion, or Removal. No
13 civil or criminal action shall lie against any person for action reasonably
14 taken pursuant to Section 210 or 211.

15 Section 215. Entry by Law Enforcement Officers. A law
16 enforcement officer may, without warrant, notice, or explanation, enter any
17 area of a casino to which a patron of the casino or the public has access and,
18 for such purpose, such area is a public place in which the officer may
19 exercise any power or discharge any duty which may be exercised or
20 discharged in a public place under this title or any other provision of law. A
21 law enforcement officer may enter any other area of a casino or any area of
22 a casino service provider with the consent of any person having control over
23 such area, at the request of any person inspecting or monitoring such area on

1 behalf of the Commission under Section 207(e) of this title, or as otherwise
2 authorized by law.

3 Section 216. Gambling by Commission and Licensees Prohibited.

4 (a) No member, officer, employee, or agent of the
5 Commission shall play any game in--

6 (1) any casino under the jurisdiction of the
7 Commission;

8 (2) any other gaming establishment reasonably
9 associated with any such gaming establishment; or

10 (3) any gaming establishment, the owner, lessee,
11 operator, or manager of which is an applicant for a license
12 from the Commission, or is a potential applicant that has
13 entered into discussions with the Commission prior to such
14 application and has not clearly abandoned its interest in a
15 license, or is reasonably associated with such an applicant or
16 potential applicant.

17 (b) No member, officer, employee, or agent of the
18 Commission shall knowingly be an employee of or have any
19 business or financial association with or interest in any casino or
20 casino service provider licensee under this title or any business
21 reasonably related to such licensee.

1 (c) No owner, lessee, operator, manager, officer, employee,
2 agent, or other person associated with a casino licensed under this
3 title shall play any game in such casino.

4 Section 217. Administrative Penalties. The Commission may, by
5 regulation, provide civil penalties for the violation of this title or of any
6 regulation or order issued pursuant to this title. Unless authorized by this
7 Act, no penalty may exceed \$50,000, and a range of lesser penalties shall be
8 provided for minor or intermediate violations. Such regulations may specify
9 conditions under which a natural person who causes any other person to
10 commit a violation (generally or for any specified type of transaction) shall
11 also be liable for such violation. The Commission may suspend, reduce, or
12 rescind any penalty imposed pursuant to this section and according to any
13 and all due process protections.”

14 **SECTION 4. SEVERABILITY CLAUSE.**

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

19 **SECTION 5. SAVINGS CLAUSE**

20 This Act and any repealer contained herein shall not be construed as affecting any
21 existing right acquired under contract or acquired under statutes repealed or under any
22 rule, regulation or order adopted under the statutes. Repealers contained in this Act shall
23 not affect any proceeding instituted under or pursuant to prior law. The enactment of the

1 Act shall not have the effect of terminating, or in any way modifying, any liability, civil
2 or criminal, which shall already be in existence on the date this Act becomes effective.


3 **SECTION 6. EFFECTIVE DATE.**

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

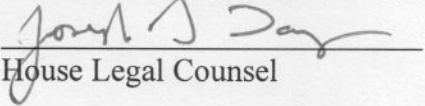
Prefiled: 10/26/2021

Date: 10/26/2021

Introduced By: _____


Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:


House Legal Counsel