



HOUSE OF REPRESENTATIVES  
FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
EIGHTH SPECIAL SESSION, 2007

PUBLIC LAW NO. 15-78  
H. B. No. 15-286, SD2

AN ACT

To amend 4 CMC § 1103; to repeal and re-enact 4 CMC § 1503; to repeal and re-enact 4 CMC § 1505; and for other purposes.

BE IT ENACTED BY THE FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1           **Section 1. Findings and purpose.** The Commonwealth Legislature finds that the  
2 definition of "pachinko slot machine" must be updated to reflect technological developments  
3 in the gaming industry. The Legislature intends for all pachinko and similar slot machines to  
4 be assessed a licensing fee regardless of whether they are traditional reel machines or the  
5 newer computerized equivalent. The Legislature finds that new definitions must be added to  
6 4 CMC §1103 for the efficient enforcement of the laws governing amusement machines.

7           The Legislature further finds that 4 CMC § 1503 has been amended numerous times  
8 (in particular by Public Laws 12-52, 13-33, 14-54, 15-8, and 15-56) and a full re-enactment  
9 of the section is necessary to avoid confusion.

10          The Legislature also finds that incorporating House Bill 15-240 into this bill will  
11 avoid confusion with regard to 4 CMC § 1505 and is in the interest of legislative efficiency.

12          **Section 2. Amendment.** Section 1103 of Chapter 1 of Division 1 of Title 4 of the  
13 Commonwealth Code is amended by adding four definitions in alphabetical order and  
14 renumbering subsequent subsections as necessary:

15           **"§ 1103. Definitions.**

16           (a) "Jackpot winnings" means winnings where the machine of the licensed  
17 owner-operator pays back one-thousand dollars (\$1,000) and over;

18           (b) "Licensed owner-operator" means the owner of amusement machines  
19 licensed pursuant to 4 CMC § 1503 to commercially operate the same or an operator  
20 licensed pursuant to 4 CMC § 1503 to commercially operate amusement machines

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that is not the owner of the machines, and does not mean a person playing such machines;

(c) "Pachinko slot machine" means the slot machine whose outer structure has three (3) reels with symbols to be matched by pressing three (3) buttons to stop the rotation of the spinning reels, or a video or computerized equivalent designed to be played in a similar manner. It is a machine that requires a degree of skill in order for the winner to win a prize;

(d) "Payment-activated" means a machine offering a product upon the payment of a monetary amount by coin, bill, or credit or debit payment."

**Section 3. Repealer and re-enactment.** Section 1503 of Chapter 5 of Division 1 of Title 4 of the Commonwealth Code is repealed and re-enacted as follows:

**“§ 1503. Amusement Machines.**

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

(1) For amusement machines (other than poker, pachinko, or similar amusement machines) whose major element is skill and whose only reward or prize is limited to additional games or other use of the machine (e.g. video games, pinball machines, pool tables, etc.), the annual fee shall be one hundred fifty dollars (\$150) per machine.

(2) For amusement machines whose major element is chance which provide a reward or prize of value, or for poker machines or similar amusement machines, the annual fee shall be six thousand dollars (\$6,000) per machine, slot machine, or other similar amusement machine. Those machines situated in a casino licensed by the Tinian Casino Gaming Control Commission (TCGCC) or similarly established a gaming commission on the islands of Saipan and Rota shall be exempt from the six thousand dollar (\$6,000) annual machine fee imposed by this section.

(3) For all jukeboxes, payment-activated phonographs, CD players or other payment-activated music producing machines, the annual fee shall be one hundred fifty dollars (\$150) per machine.

1 (4) For all payment-activated kiddie ride machines, designated for  
2 children under the age of sixteen (16), the annual fee shall be twenty-five  
3 dollars (\$25) per machine.

4 (5) For pachinko slot machines or similar amusement machines,  
5 the annual fee shall be six thousand dollars (\$6,000) per machine.

6 (b) The fees imposed by this section shall be the liability of the licensed  
7 owner-operator or lessee of the amusement machine, or any person operating or  
8 managing any business at which such amusement machine is offered for patronage.

9 (c) All license fees shall be paid in full prior to the issuance of a license  
10 and shall be nonrefundable. Upon payment of the required fee, each license shall be  
11 valid for a period of one (1) year from the date of issuance. Notwithstanding any law  
12 to the contrary, two hundred thousand dollars (\$200,000) of the fees collected is  
13 hereby earmarked and continuously appropriated each fiscal year without further  
14 legislative appropriation to the Department of Finance for enforcement purposes and  
15 shall not be reprogrammed for any other purpose. The expenditure authority shall be  
16 the Secretary of the Department of Finance.

17 (d) Every poker machine owner and operator as a condition of any license  
18 issued shall maintain and operate poker machines in a separate room. No minor shall  
19 be permitted to enter this room and no alcoholic beverages or other intoxicants shall  
20 be allowed in this room. A licensed owner-operator who knowingly violates this  
21 subsection or who knowingly allows this subsection to be violated shall be guilty of a  
22 misdemeanor punishable by up to a five hundred dollar (\$500) fine and up to thirty  
23 (30) days imprisonment. The Secretary may revoke any or all licenses for all poker  
24 machines owned, operated, or controlled by a person convicted under this subsection.

25 (e) Each Senatorial district may, pursuant to 1 CMC § 1402(c)(5), establish  
26 additional license fees for poker machines licensed under subsection (a)(2) of this  
27 section and pachinko slot machines licensed under subsection (a)(5) of this section.  
28 Any additional fees shall be available for local appropriation under Chapter 4 of  
29 Division 1 of Title 4 of the Commonwealth Code.

1 (f) The Public School System (PSS) shall receive twenty percent (20%) of  
2 the revenues collected from the winnings tax under 4 CMC §1505, which shall be  
3 reserved for funding the PSS technical education program and for the procurement of  
4 student desks and classroom supplies as provided in 4 CMC § 1505. Revenues  
5 reserved under 4 CMC § 1505(a) shall be transferred quarterly to the Technical  
6 Education Program Fund.

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

11 (h) The Secretary of Finance shall be responsible for the enforcement of  
12 this section."

13 **Section 4. Repealer and re-enactment.** Section 1505 of Chapter 5 of Division 1 of  
14 Title 4 of the Commonwealth Code is repealed and re-enacted as follows:

15 **“§ 1505. Gaming machine jackpot tax.** A tax on all winnings from poker  
16 machines, pachinko machines, slot machines, pachinko slot machines, and similar  
17 gaming devices shall be assessed as follows:

18 (a) Jackpot winnings shall be assessed a thirty percent (30%) tax of which  
19 twenty percent (20%) shall be allocated to the Public School System pursuant to  
20 1 CMC § 2282, and shall be available as a continuing appropriation.

21 (b) The expenditure authority for funds allocated pursuant to subsection (a) of  
22 this section shall be the Commissioner of Education.

23 (c) The licensed owner-operator of the machines shall be responsible for  
24 collecting the tax and for keeping a record of the tax assessed under this section and  
25 shall submit a winning listing and the taxes collected within fifteen (15) days of the  
26 end of each month to the Secretary.

27 (d) The licensed owner-operator of the machines shall be assessed a penalty  
28 of five thousand dollars (\$5,000) for each violation of this section.

29 (e) The secretary shall promulgate appropriate regulations to enforce this  
30 section."

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**Section 5. Severability.** If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

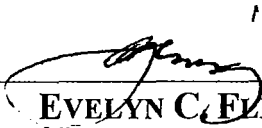
**Section 6. Savings clause.** This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect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

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

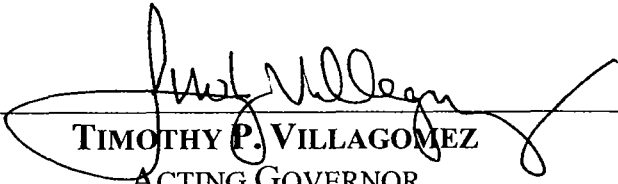
CERTIFIED BY:

ATTESTED TO BY:

  
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**OSCAR M. BABAUTA**  
SPEAKER OF THE HOUSE

  
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**EVELYN C. FLEMING**  
HOUSE CLERK

Approved on this 20<sup>th</sup> day of August, 2007

  
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**TIMOTHY P. VILLAGOMEZ**  
ACTING GOVERNOR  
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS