

TITLE 4: ECONOMIC RESOURCES
DIVISION 2: TOURISM

§ 2308. Disposition of Gross Revenue Tax.

The Secretary of Finance shall establish a special Casino Gross Revenue Tax (CGRT) Account separate from the general funds. The funds in the CGRT Account shall not lapse and not subject to fiscal year limitation.* In addition, the Secretary of Finance shall keep a record of the CGRT funds allocated pursuant to subsections (a) and (b). Notwithstanding 4 CMC §§ 1802 and 1804 or any other laws, gross revenue tax generated from a license holder under this chapter shall be deposited in the special CGRT Account, and shall be appropriated by the Legislature, unless otherwise specifically provided in this section, for the following purposes:

(a) The first \$22,000,000 of the funds deposited into the CGRT Account after the beginning of each calendar year shall be earmarked and available for appropriation by the Legislature to cover or supplement the payment of 25% of class members' full benefits and any bonus to be distributed equally to all Settlement Class Members and CNMI Fund members receiving annuity.

(b) Establishment. There is hereby established in the CGRT Account a subaccount designated as the Reserve Fund.

(1) The Secretary of Finance shall cause to be deposited in the Reserve Fund 5% of the tax revenue received pursuant to this section and any other funds as may be designated by the Legislature.

(2) The Secretary of Finance shall invest and manage Reserve Fund assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Reserve Fund. The Secretary shall engage one or more fund custodians to assume responsibility for the physical possession of fund assets or evidences of assets. The custodian shall submit such reports, accountings, and other information in such forms and at such times as requested by the Secretary. All costs incurred for custodial services shall be paid from the fund. The custodian shall hold all assets for the account of the fund and shall act only upon the instruction of the Secretary, its administrator, or a member, committee, or agent so authorized by the Secretary. In order to secure expert advice and counsel, the Secretary may engage one or more investment managers and investment advisors. All costs incurred in this connection shall be paid from the Reserve Fund.

(3) In order to maximize the value of the fund, no money from the fund may be expended or appropriated until Fiscal Year 2028 and thereafter the Legislature may appropriate, subject to the limitations provided in this section, from the fund solely for enhancing education and workforce development; economic development and diversification; infrastructure improvements; medical and health care facilities; to provide essential services in the event of a revenue shortfall and tax relief measures for the benefit of the citizens and businesses of the Commonwealth.

(4) For purposes of this subsection:

(i) "Economic development and diversification" means fostering economic growth and development in the state, including commercial,

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industrial, community, cultural or historical improvements; or preservation or other proper purposes.

(ii) “Infrastructure improvements” means fostering infrastructure improvements including, but not limited to, water or wastewater facilities or a part thereof, storm water systems, steam, gas, telephone and telecommunications, broadband development, electric lines and installations, roads, bridges, railroad spurs, drainage and flood control facilities, industrial park development or buildings that promote job creation and retention.

(iii) “Medical and health care facilities” includes the construction, development, maintenance, staffing, supplying and equipping hospitals, clinics and other medical facilities.

(5) Beginning Fiscal Year 2028, or upon the declaration of an emergency by the Governor, the funds in the Commonwealth Reserve Fund may be appropriated by three-fourths of the members of each house of the Legislature.

(c) After the amounts required pursuant to subsections (a), (b), and (d) are satisfied, the balance of the CGRT Account shall be recorded, maintained, and accounted for to be reserved for appropriation by the Legislature for any of the following purposes:

- (1) For the Fuel Adjustment Charge (FAC), formerly called LEAC, Rate Subsidy Account for residential utility customers;
- (2) For the Commonwealth Healthcare Corporation;
- (3) For the Medical Referral Program;
- (4) For the payment of land compensation judgments;
- (5) For the Public School System;
- (6) For the Northern Marianas College; and
- (7) For the Northern Marianas Trades Institute.

(d) \$7,500,000 of the funds in the CGRT Account reserved in 2017 and another \$7,500,000 shall be reserved in Fiscal Year 2018 and the reserved total of \$15,000,000 shall be placed in a special subaccount for expenditure in 2018 for the purposes set forth in 4 CMC § 2307. The expenditure authority of this \$15,000,000 is the Secretary of Finance.

(e) Within 30 days after each quarter, the Secretary of Finance shall report to the presiding officers of the legislature describing the total funds in the CGRT and the expenditure of the funds in accordance with subsection (d) and the amount reserved for appropriation in accordance with subsections (a), (b), and (c).

Source: PL 18-43 § 8 (Apr. 1, 2014), modified; repealed by PL 18-56 § 2 and reenacted by PL 18-56 § 7(2308) (July 11, 2014); repealed and reenacted by PL 20-10 § 3 (Sept. 25, 2017), modified; amended by PL 20-34 § 2 (Dec. 15, 2017), modified; amended by PL 20-82 § 2 (Nov. 19, 2018), modified.

Commission Comment: The Commission struck “of this section” after “(a) and (b)” in the leading paragraph and “subsection (a)” in (b); and struck “.00” from dollar amounts pursuant to 1 CMC § 3806(g). The Commission changed

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capitalization in (b) for the purpose of conformity pursuant to 1 CMC § 3806(f).

PL 20-34 included a footnote after “reserved in 2017” in (c) which provided: “In accordance with PL 20-10, which became law on September 25, 2017.”

In codifying PL 20-82, the Commission omitted drafting marks pursuant to 1 CMC § 3806(g). The Commission changed “five percent” to “5%” in (b)(1); inserted a comma after “accountings” and “committee” in (b)(2); inserted a period after “Legislature” in (b)(5); inserted a comma after “(b)” in (c); and inserted a comma after “(b)” in (e) pursuant to 1 CMC § 3806(g). The Commission changed “The Secretary of Finance Secretary” to “The Secretary of Finance” in (b)(2) pursuant to 1 CMC § 3806(g). The Commission changed the capitalization of “fiscal year” in (b)(3) and (b)(5) and changed the capitalization of “fund” in (b)(5) pursuant to 1 CMC § 3806(f). The Commission renumbered the subsections of (b)(4) pursuant to 1 CMC § 3806(a).