

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION

2013 JAN 17 AM 8:48
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Bill No. 19 -32(COR)

Introduced by:

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AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM
ADMINISTRATIVE RULES AND REGULATIONS,
RELATIVE TO CAPTURING LICENSE FEES AND TAXES
FROM GAMING OPERATORS.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. Public Law 26-52:4 granted the Department
3 of Revenue and Taxation and the Cockpit License Board the authority to promulgate necessary rules
4 and regulations to create a comprehensive regulatory scheme to regulate all gaming activities on
5 Guam. Pursuant to that authority, on January 3, 2003 the Department of Revenue and Taxation filed
6 the gaming control regulations with the Legislative Secretary. These regulations were subsequently
7 approved, but since the rule-making authority did *not* allow for the repeal and re-enactment of
8 existing statute, the regulations were placed in Chapter 7 of Title 3, Guam Administrative Rules and
9 Regulations.

10 These regulations called for the establishment of a Gaming Control Division, which would be
11 responsible for the administration of the regulations. It also created a Gaming Control Commission
12 and tasked it with the development of license fees and tax rates to be assessed to the various forms of
13 allowable gaming. The license fees and taxes to be collected would be the source of funding for the
14 administration of the Act, and all funds in excess of the operational needs would be divided between
15 the Department of Education's Interscholastic Sports Program, the Guam National Olympic
16 Committee, and the Northern and Southern Sports Complexes. However, the Gaming Control
17 Commission has not had any members appointed to it, and the license fees and tax rates have yet to
18 be established.

1 It is the intent of *I Liheslaturan Guåhan* to amend Chapter 7 of Title 3, Guam Administrative
2 Rules and Regulations, to authorize the development of a license fee and tax schedule by the
3 Department of Revenue and Taxation. It is also the intent of *I Liheslatura* to provide the Director of
4 the Department of Revenue and Taxation with the authority to perform the duties of the proposed
5 Gaming Control Commission until such time the Commission has been officially seated and can
6 conduct its official duties. *I Liheslaturan Guahan* also intends to establish a tax rate that would grant
7 the Department of Revenue and Taxation the authority to collect such fees and taxes upon enactment
8 of this Act into law, and to amend the distribution of funds.

9 **Section 2. Amendment to § 7105, relative to the creation of the Gaming Control**
10 **Division.**

11 **“§ 7105. Gaming Control Division - Creation.** There is hereby created, within the
12 Department of Revenue and Taxation, the Gaming Control Division, the head of which shall be the
13 Chief of the Gaming Control Division. The Chief shall be appointed and subject to removal by, the
14 Director with the approval of the Commission. The Division and the Commission created in Section
15 7110, shall exercise their respective powers and perform their respective duties and functions as
16 specified in this Act under the Department as if the same were transferred to the Department; except
17 that the Commission shall have full and exclusive authority to promulgate rules and regulations
18 related to limited gaming without any approval by, or delegation of authority from the Department as
19 said authority to promulgate rules and regulations is defined in this Act. Until such time that the
20 Commission has been seated and is officially performing its duties, the Director shall be granted
21 temporary authority to promulgate rules and regulations related to limited gaming.”

22 **Section 3. Amendment to § 7111(a), relative to the duties of the Gaming Control**
23 **Commission.**

24 **“(a)** In addition to any other powers and duties set forth herein, the Commission, and until
25 such time that the Commission has been seated and is officially performing its duties, the Director,
26 shall nonetheless have the following powers and duties:”

27 **Section 4. Amendment to § 7145(a), relative to limited gaming tax.**

28 **“§ 7145. Limited Gaming Tax. (a)** There is hereby imposed, a limited gaming tax on the
29 gross receipts from limited gaming activities allowed by this Act in Guam. The tax rate on limited
30 gaming activities shall be set by rule promulgated by the Commission, and until such time that the

1 Commission has been seated and is officially performing its duties, the Director, as stated in this
2 Act. [~~In no event shall the tax exceed four (4) percent of the gross receipts at a minimum rate of~~
3 ~~one half of two percent (2%)~~] The Director is authorized to assess an *interim* tax rate of twenty
4 percent (20%) on all gross receipts from all gaming activities in Guam that *do not* have a specified
5 tax rate and which tax shall not be limited to limited gaming activities alone. In establishing the tax
6 rate allowed herein the Commission shall take into consideration the following:”

7 **Section 5. Amendment to § 7148(e), relative to the limited gaming fund.**

8 “(e) Moneys remaining in the Fund, after repaying the initial appropriation and maintaining
9 the stated reserves for administrative expenses of this Act, shall be allocated in the following
10 manner:

11 Year 1: to the Mayors Council of Guam for the repair and construction of village recreational
12 facilities, including community centers.

13 Year 2: to the Department of Parks and Recreation for the repair and construction of its
14 facilities.

15 Year 3: to the Department of Education for the repair and construction of its sports facilities.

16 Years 4 and beyond: repeat the allocation schedule from Years 1-3.

17 **Section 6. Sunset provision for Temporary Authority.** The temporary authority
18 granted to the Director of Revenue and Taxation to carry out the duties of the Gaming Control
19 Commission shall cease upon the convening of a duly called meeting of the Commission at which a
20 quorum is present.

21 **Section 7. Sunset provision for Interim Limited Gaming Tax Rate.** The interim tax
22 rate of Twenty percent (20%) assessed on all gross receipts on all gaming activities on Guam *shall*
23 continue to be assessed until a new tax rate has been promulgated by the Commission and *approved*
24 by *I Liheslaturan Guåhan* pursuant to 5 GCA § 9100 et seq. (Guam’s Administrative Adjudication
25 Law).

26 **Section 8. Effective Date.** Unless otherwise indicated, the provisions of the Act shall be
27 effective upon enactment.