

**INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS**

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**GUAM TOURISM REVITALIZATION ACT**

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We, the undersigned citizens and qualified electors of the Territory of Guam, respectfully demand the following proposed law, to wit:

Be it enacted by the People of the Territory of Guam:

**Section 1. Title 23 is added to the Guam Code Annotated to read:**

**“TITLE 23 – GUAM TOURISM REVITALIZATION ACT”**

**ARTICLE 1 – STATEMENT OF LEGISLATIVE FINDINGS AND DEFINITIONS**

**Section 1001. Findings and Purposes**

The people of the Territory of Guam recognize and declare the following:

- (a) Legalization of Slot Machine Gaming as provided in this act will help to revitalize tourism, stimulate economic and tourism development and create additional revenues for the Territory;
- (b) Imposition and payment to the Department of Revenue & Taxation of a 10% tax on the Gross Slot Income derived from Slot Machine Gaming conducted at an Established Pari-mutuel Racing Facility can be distributed for the benefit of: (i) health care; (ii) education; and (iii) other needs of the Territory as designated and directed by the Department of Revenue & Taxation;
- (c) The residents of the Territory of Guam would greatly benefit from additional revenue to be used for subsidizing health care costs and expenses, including for providing assistance to the residents of the Territory with the costs of obtaining prescription drugs and medicines; and for the improvement of the educational content, physical condition, vocational programs, security, and general well-being of the Territory’s public schools;
- (d) The Territory would be best served if such revenues were funded from a new and self-sustaining revenue generation program rather than through the imposition of additional taxes or fees on the existing incomes and businesses of Guam residents;

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- (e) Pari-mutuel racing in Guam has, since its inception, been a positive example of a revenue generation program which benefits the residents of Guam by providing needed general revenues for the Territory without requiring the Territory to impose additional taxes or fees on its residents;
- (f) Based on this example, the people of the Territory of Guam believe that permitting Slot Machine Gaming at an Established Pari-mutuel Racing Facility will benefit the Territory by creating a new source of revenue; and
- (g) The revenues received from this new program of Slot Machine Gaming shall be set aside only to be used for specific programs, with at least 90% of such revenues set aside used exclusively for programs which benefit health care and public schools.

### **Section 1002. Definitions**

When used in this Title, the following terms shall have these meanings:

- (a) **“Established Pari-mutuel Racing Facility”** means a facility with a racetrack at which pari-mutuel activities occur as of the effective date of this act, provided such facility has been in existence for at least 10 years, and was in existence and operating pari-mutuel racing operations prior to December 31, 1998.
- (b) **“Gross Slot Income”** means money, tokens, credits or similar objects or things of value used to play a Slot Machine minus money, credits or prizes paid out to winners.
- (c) **“Guam Tourism Revitalization Slot Machine Gaming Fund”** means the fund to be created by the Department of Revenue & Taxation in which all taxes generated pursuant to Section 3002 of this Title 23, and collected by the Department of Revenue & Taxation shall be deposited.
- (d) **“Slot” or “Slot Machine”** means any mechanical, electrical or electronic device, contrivance or machine or other device, contrivance or machine that is available to play upon insertion of money or a token, credit or similar object or thing of value, the play of which by the element of chance may deliver or entitle the person playing the device, contrivance or machine to receive cash, tokens or credits to be exchanged for cash, merchandise or anything of value, whether the payoff is made automatically from the device, contrivance or machine or in any other manner, and includes progressive electronic gaming devices with a payoff that increases as the electronic gaming device is played.

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- (e) “**Slot Machine Gaming Operations**” or “**Slot Machine Gaming**” means the use and operation of Slot Machines in accordance with the provisions of this Title.
- (f) “**Slot Machine Gaming Tax**” means an annual ten percent (10%) tax levied upon Gross Slot Income as set forth in the provisions of this Title.

### **ARTICLE 2 – SLOT MACHINE OPERATIONS**

#### **Section 2001. Requirements for Slot Machines**

No Slot Machine shall be installed and/or operated in this Territory unless such Slot Machine shall:

- (a) Be of a class of Slot Machine which has been manufactured for certification by a major international manufacturer;
- (b) Have a serial number or other identification number permanently affixed thereto by the manufacturer;
- (c) Be located at an Established Pari-mutuel Racing Facility and operated by the owner of that Established Pari-mutuel Racing Facility; and
- (d) Be configured so that the largest denomination token accepted shall be no more than \$5.00.

#### **Section 2002. Slot Devices**

Notwithstanding any provision of the law to the contrary, no Slot Machine described in this Title 23 and purchased, owned or operated according to the provisions of this Title shall be considered an illegal device.

#### **Section 2003. Prohibiting Minors From Playing Slot Machines**

No person under the age of eighteen shall be permitted to play or operate a Slot Machine.

### **ARTICLE 3 – TAXES**

#### **Section 3001. Tax; Levy**

There is hereby levied an annual tax of ten (10%) percent upon Gross Slot Income. This Slot Machine Gaming Tax shall be: (a) paid monthly in arrears; (b) shall be paid into the Guam

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Tourism Revitalization Slot Machine Gaming Fund; and (c) shall be disbursed from the Guam Tourism Revitalization Slot Machine Gaming Fund pursuant to this Section 3001. There shall be no other tax, fee, levy or other charge assessed against Slot Machine Gaming Operations and/or Gross Slot Income.

**Section 3002. Collection and Disposition of Taxes**

- (a) The Department of Revenue & Taxation shall collect the Slot Machine Gaming Tax.
- (b) The Slot Machine Gaming Tax collected by the Department of Revenue & Taxation shall be forwarded upon receipt to the Guam Treasurer for immediate deposit into the Guam Treasury.
  - (1) The Guam Treasurer shall, each fiscal year, credit the Slot Machine Gaming Tax to the Guam Tourism Revitalization Slot Machine Gaming Fund.
  - (2) Monies in the Guam Tourism Revitalization Slot Machine Gaming Fund shall be withdrawn only pursuant to (i) the provisions of this Article 3 or (ii) appropriation by the Guam Legislature for use solely to carry out the provisions of this Title.
  - (3) Monies in the Guam Tourism Revitalization Slot Machine Gaming Fund shall, until disbursed as herein provided, be invested by the Guam Treasurer in the same manner as monies in the Guam General Fund. Interest earned on investment of monies from the Guam Tourism Revitalization Slot Machine Gaming Fund shall be credited to the Guam Tourism Revitalization Slot Machine Gaming Fund. Unexpended and unallocated monies in the Guam Tourism Revitalization Slot Machine Gaming Fund at the end of each fiscal year shall remain in the Guam Tourism Revitalization Slot Machine Gaming Fund for investment and application as provided in this Article.
- (c) Monies remaining in the Guam Tourism Revitalization Slot Machine Gaming Fund, after complying with the provisions of this Article, including proceeds of investment made pursuant to paragraph (b)(3), shall be disbursed by the Guam Treasurer from time to time and at one or more times during each year, as designated by the Department of Revenue & Taxation, in the following manner and for the following purposes:
  - (1) 50% to benefit and assist the residents of Guam in obtaining health care;

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- (2) 20% to benefit and assist the residents of Guam in obtaining prescription drugs and medicines;
- (3) 20% to benefit the public schools of Guam, including but not limited to the improvement of the educational content, physical condition, vocational programming, security and general well-being of the public schools in the Territory; and
- (4) 10% for administrative costs and as otherwise designated and directed by the Department of Revenue & Taxation.

### **ARTICLE 4 – REGULATION**

#### **Section 4001. Power to Regulate held by the Department of Revenue & Taxation**

The Department of Revenue & Taxation shall be empowered to make rules and regulations for the control, supervision and direction of all applicants, and licensees; provided, such rules and regulations shall be uniform in their application and effect.

### **ARTICLE 5 – MISCELLANEOUS**

#### **Section 5001. Declaration of Guam’s Limited Exemption From Operation of Provisions of Section 1172 of Title 15 of the U. S. Code**

Pursuant to Section 2 of an Act of Congress of the United States entitled “An act to prohibit transportation of gaming devices in interstate and foreign commerce,” approved January 2, 1951, being chapter 1194, 64 Stat. 1134, and codified at Sections 1171-1177 of Title 15 of the U.S. Code, the people of Guam, acting directly through the initiative process authorized to them by the Congress through its enactment of Section 1422a(a) of Title 48 of the U.S. Code and implemented for them by the Legislature through its enactment of Chapter 17 of Title 3 of the Guam Code Annotate, do hereby, in accordance with and in compliance with the provisions of Section 2 of said Act of Congress, declare and proclaim that Section 2 of that Act of Congress shall not apply to any gaming device in Guam where the transportation of such a device is specifically authorized by and done in compliance with the provisions of this Title; and that any such gaming device transported in compliance with this Title shall be exempt from the provisions of that Act of Congress.

#### **Section 5002. Legal Shipment of Gaming Devices into Guam**

All shipments into Guam of gaming devices, including Slot Machines, the registering, recording and labeling of which has been duly had by the manufacturer or dealer thereof in accordance with Sections 3 and 4 of an Act of Congress of the United States entitled “An act to prohibit transportation of gaming devices in interstate and foreign commerce,” approved January

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2, 1951, being chapter 1194, 64 Stat. 1134, and codified at Sections 1171-1177 of Title 15 of the U. S. Code, shall be deemed legal shipments thereof into Guam.

**ARTICLE 6 – EFFECTIVE DATE; SEVERABILITY**

**Section 6001. Effective Date**

Notwithstanding any other provision of Guam law, this act shall be in full force and effect on January 1, 2007.

**Section 6002. Severability**

If any of the provisions of this Title or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Title which can be given effect without the invalid provision or application, and to this end the provisions of this Title are severable.