

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 1: REVENUE AND TAXATION**

**§ 1306. Education Tax Credit.**

(a) Person may take cash contributions made during the tax year to qualifying educational institutions as a nonrefundable credit against the tax imposed by 4 CMC §§ 1301, 1302, 1303, and 1304 to the extent provided by this section. No such credit shall be allowed for any amount deducted in determining taxable income under the NMTIT as shown on the taxpayer's return. Amounts paid for tuition or fees charged by an educational institution are not cash contributions eligible for a credit within the meaning of this section. The "tax imposed" for purposes of computing the credit under 4 CMC § 1308 is the tax net of any credit taken pursuant to this section.

(b) The maximum credit available in any one year under this section and 4 CMC § 1205 combined shall be the lesser of the sum of the taxes imposed under 4 CMC §§ 1201, 1202, and 4 CMC §§ 1301 through 1304, or \$5,000.

(c) The term "qualified educational institution" under this section has the same meaning as in 4 CMC § 1205.

(d) To obtain the credit, the taxpayer must furnish to the Division of Revenue and Taxation the information prescribed in 4 CMC § 1205(d).

**Source:** PL 10-73, § 2(b).

**Commission Comment:** PL 10-73 took effect November 12, 1997 by veto override. According to PL 10-73, § 1:

Section 1. Findings and Purpose. The Legislature finds that the future of the Commonwealth hinges on the enhanced education of our children. There is no other governmental policy which deserves a higher priority. Toward this end, this Act will provide incentives to private individuals and business entities to contribute to qualified educational institutions. Although a tax deduction is already available to CNMI taxpayers under our mirror image application of the U.S. Internal Revenue Code ("IRC") Section 501(c)(3), it is the intention of the Legislature to provide a further and more meaningful tax incentive by providing for a tax credit against the local wage and salary, gross receipts, and earnings taxes. Through this incentive taxpayers will be able to make cash contributions to qualifying educational institutions, including the Public School System and the Northern Marianas College, and receive a nonrefundable credit on their primary local taxes.