

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 1866. Release of Lien; Discharge of Property.

(a) *Release of Lien.* Subject to such regulations as the Secretary may prescribe, the Secretary shall issue a certificate of release of any lien imposed with respect to any non-NMTIT tax not later than 30 days after the day on which:

(1) Liability Satisfied or Unenforceable. The Secretary finds that the liability for the amount assessed, together with all interest in respect thereof, has been fully satisfied or has become legally unenforceable, or

(2) Bond Accepted. There has been furnished to the Secretary and accepted by him a bond that is conditioned upon the payment of the amount assessed, together with all interest in respect thereof, within the time prescribed by law (including any extensions of such time), and that is in accordance with such requirements relating to terms, conditions, and form of the bond and sureties thereon, as may be specified by such regulations.

(b) *Discharge of Property.*

(1) Property double the amount of the liability. Subject to such regulations as the Secretary may prescribe, the Secretary may issue a certificate of discharge of any part of the property subject to any lien imposed under this chapter if the Secretary finds that the fair market value of that part of such property remaining subject to the lien is at least double the amount of the unsatisfied liability secured by such lien and the amount of all other liens upon such property which have priority over such lien.

(2) Part payment; interest of CNMI valueless. Subject to such regulations as the Secretary may prescribe, the Secretary may issue a certificate of discharge of any part of the property subject to the lien if:

(A) There is paid over to the Secretary in partial satisfaction of the liability secured by the lien an amount determined by the Secretary, which shall not be less the value, as determined by the Secretary, of the interest of the CNMI in the part to be so discharged, or

(B) The Secretary determines at any time that the interest of the CNMI in the part to be so discharged has no value.

In determining the value of the interest of the CNMI in the part to be so discharged, the Secretary shall give consideration to the value of such part and to such liens thereon as have priority over the lien of the CNMI.

(3) Substitution of proceeds of sale. Subject to such regulations as the Secretary may prescribe, the Secretary may issue a certificate of discharge of any part of the property subject to the lien if such part of the property is sold and, pursuant to an agreement with the Secretary, the proceeds of such sale are to be held, as a fund subject to the liens and claims of the CNMI, in the same manner and with the same priority as such liens and claims had with respect to the discharged property.

(c) *Subordination of lien.* Subject to such regulations as the Secretary may prescribe, the Secretary may issue a certificate of subordination of any lien imposed by this Division upon any part of the property subject to such lien if:

(1) There is paid over to the Secretary an amount equal to the amount of the lien or interest to which the certificate subordinates the lien of the CNMI, or

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(2) The Secretary believes that the amount realizable by the CNMI from the property to which the certificate relates, or from any other property subject to the lien, will ultimately be increased by reason of the issuance of such certificate and that the ultimate collection of the tax liability will be facilitated by such subordination.

(d) *Effect of certificate.*

(1) Conclusiveness. Except as provided in paragraphs (2) and (3), if a certificate is issued pursuant to this section by the Secretary and is filed in the same office as the notice of lien to which it relates (if such notice of lien has been filed) such certificate shall have the following effect:

(A) In the case of a certificate of release, such certificate shall be conclusive that the lien referred to in such certificate is extinguished;

(B) In the case of a certificate of discharge, such certificate shall be conclusive that the property covered by such certificate is discharged from the lien; and

(C) In the case of subordination, such certificate shall be conclusive that the lien or interest to which the lien of the CNMI is subordinated is superior to the lien of the CNMI.

(2) Revocation of certificate of release. If the Secretary determines that a certificate of release of lien imposed by section 1862 was issued erroneously or improvidently, or if a certificate of release of such lien was issued pursuant to a collateral agreement entered into in connection with a compromise under section 1817(b) which has been breached, and if the period of limitation on collection after assessment has not expired, the Secretary may revoke such certificate and reinstate the lien:

(A) By mailing notice of such revocation to the person against whom the tax was assessed at his last known address, and

(B) By filing notice of such revocation in the same office in which the notice of lien to which it relates was filed (if such notice of lien had been filed).

Such reinstated lien (i) shall be effective upon the date notice of revocation is mailed to the taxpayer in accordance with the provisions of subparagraph (A), but not earlier than the date on which any required filing of notice of revocation is filed in accordance with the provisions of subparagraph (B), and (ii) shall have the same force and effect (as if such date) until the expiration of the period of limitation on collection after assessment, as a lien imposed by section 1862 (relating to lien for taxes).

(3) Certificates void under certain conditions. Notwithstanding any other provision of this Chapter, any lien imposed by this Chapter shall attach to any property with respect to which a certificate of discharge has been issued if the person liable for the tax reacquires such property after such certificate has been issued.

Source: PL 14-35, § 4 (1865), modified.

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Commission Comment: In subsection (d)(2) above, the Commission changed the section numbers originally referenced in PL 14-35 to the proper renumbered section numbers pursuant to its authority by 1 CMC § 3806(c).