

FIRST SPECIAL SESSION, 1986

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AN ACT

To establish a Task Force on Income and Sales Taxation, Business Tax Incentives, and for other purposes.

BE IT ENACTED BY THE FIFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 Section 1. Findings. The Legislature makes the following findings:

2 (a) A Task Force on Income and Sales Taxation, and  
3 Business Tax Incentives is necessary to assist in resolving  
4 the issue of income and sales taxation in the Commonwealth  
5 of the Northern Mariana Islands;

6 (b) Pursuant to Section 601 of the Covenant to  
7 Establish a Commonwealth of the Northern Mariana Islands  
8 in Political Union with the United States of America, and  
9 United States Public Law, the income tax laws of the  
10 United States came into force and effect on January 1,  
11 1985 as a local, territorial income tax;

12 (c) Pursuant to House Joint Resolution No. 6, the  
13 Fourth Commonwealth Legislature requested a modification  
14 of Section 601 of the Covenant so as to permit the  
15 Commonwealth to adopt a simplified local territorial  
16 income tax system based on the principles embodied in the  
17 United States Internal Revenue Code;

18 (d) The negotiation and implementation of an  
19 effective local income tax system will require continuing  
20 diligent work by the Task Force;

21 (e) It is necessary to carefully study whether or

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1 not the sales tax system of the Commonwealth should be  
2 changed from a graduated tax on business gross revenues  
3 to some other form of sales taxation, such as a retail  
4 sales tax;

5 (f) In connection with any review of Commonwealth  
6 taxes, this Task Force shall consider and recommend a  
7 Commonwealth Policy on the granting of any tax incentives  
8 to businesses or industries to commence business here; and

9 (g) The Task Force on Income and Sales Taxation, and  
10 Business Tax Incentives shall carefully examine and report  
11 upon all tax legislation introduced in the House of  
12 Representatives of the Fifth Northern Marianas Commonwealth  
13 Legislature.

14 Section 2. Establishment of Task Force.

15 (a) There is hereby established the Task Force on  
16 Income and Sales Taxation and Business Tax Incentives  
17 (hereinafter referred to as "the Task Force"), which shall  
18 consist of nine members as follows:

19 (1) Three House appointees of the Speaker  
20 of the House of Representatives, including the  
21 Chairman of the House Appropriations Committee  
22 or his designee and at least one appointee from  
23 the private sector; and

24 (2) Three Senate appointees of the President  
25 of the Senate, including the Chairman of the

1 Senate Fiscal Affairs Committee or his designee  
2 and at least one appointee from the private  
3 sector; and

4 (3) Three appointees of the Governor with  
5 at least one appointee from the private sector.

6 (b) The Task Force shall elect a Chairman from among  
7 its members who shall schedule and preside over meetings  
8 of the Task Force. The Task Force may adopt rules and  
9 operating procedures in order to facilitate its work  
10 without regard to the provisions of 1 CMC Division 9,  
11 Chapter 1, the Administrative Procedure Act. The Task  
12 Force may solicit written comments upon its proposals,  
13 but it shall not hold public hearings upon its draft  
14 legislation.

15 Section 3. Quorum. Five members shall constitute a quorum for the  
16 transaction of all business of the Task Force, and all matters shall be  
17 decided by a majority of those present and voting, except that the  
18 concurrence of at least five members shall be necessary for the adoption  
19 of any report required to be transmitted pursuant to Section 6 of this  
20 Act. Voting by proxy shall not be permitted.

21 Section 4. Compensation. Members of the Task Force shall serve  
22 without compensation, but shall be reimbursed for reasonable and  
23 necessary expenses incurred in the performance of their duties. Costs  
24 for such reimbursement shall be divided equally among the House of  
25 Representatives, the Senate, and the Executive Branch upon request of  
26 the Task Force.

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1           Section 5. Removal and Vacancies. Persons appointed as members of  
2 the Task Force shall serve at the pleasure of the appointing authority.  
3 Vacancies on the Task Force shall be filled in the same manner as the  
4 original appointment.

5           Section 6. Duties of the Task Force. The Task Force shall make a  
6 comprehensive review of the steps already taken toward an income and  
7 sales tax system and shall recommend and draft legislation necessary to  
8 implement a local system of taxation, which may include income and sales  
9 tax provisions and provide for the granting of business tax incentives  
10 where considered appropriate for economic development in the Commonwealth,  
11 and shall report its findings and recommendations to the Legislature at  
12 least once every three months.

13           Section 7. Staffing. Reasonable staff support shall be provided by  
14 the House of Representatives, the Senate, the Department of Finance, and  
15 the Office of the Governor, upon request of the Task Force. The Task  
16 Force shall work with any federal officials or other professionals, who  
17 may provide the Commonwealth with technical assistance in the area of  
18 taxation. In the event technical assistance grants, or other funding  
19 becomes available for purposes related to this Act, the Task Force may  
20 contract with the private vendors for staff and consulting services as  
21 it deems necessary. The contracting officer and expenditure authority  
22 of the Task Force shall be its Chairman.

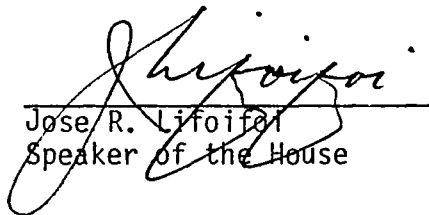
23           Section 8. Authorization for Appropriation. There is hereby  
24 authorized for appropriation such sums as are necessary to carry out the  
25 provisions of this Act.

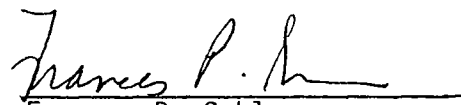
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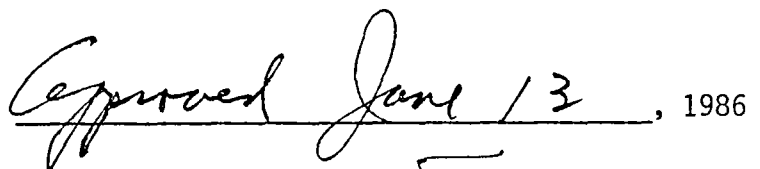
1       Section 9. Tenure. This Task Force shall come into existence on  
2 the Enactment of this Act, and shall transmit its final quarterly report  
3 to the Legislature and cease to exist on December 31, 1986, unless prior  
4 to that date the Legislature adopts a Joint Resolution expressing the  
5 need and desire that the existence of the Tax Task Force be extended.  
6 In that event, the Task Force will cease to exist on December 31, 1987.


7       Section 10. Effective Date. This Act shall take effect upon its  
8 approval by the Governor, or upon its becoming law without such approval.

ATTEST:

  
Jose R. Lifoifoi  
Speaker of the House

  
Frances P. Sablan  
House Clerk

  
Approved June 13, 1986

  
Pedro P. Tenorio  
Governor  
Commonwealth of the Northern Mariana Islands